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Protracted conflicts in the GUAM area and their implications for international peace, security and development

The situation in the occupied territories of Azerbaijan

Letter dated 15 August 2016 from the Permanent Representative of Azerbaijan to the United Nations addressed to the Secretary-General

Upon instructions from my Government, I have the honour to submit to you the report of the Ministry of Foreign Affairs of the Republic of Azerbaijan entitled "Illegal economic and other activities in the occupied territories of Azerbaijan" (see annex).*

The facts, figures and statistical data contained in the report, gathered mainly from Armenian public sources, provide sufficient and convincing evidence testifying to the continued activities of the Republic of Armenia in the Nagorno-Karabakh region and other occupied territories of the Republic of Azerbaijan,[1] in breach of international law, including the implantation of settlers from Armenia and abroad, destruction and appropriation of historical and cultural heritage, depredatory exploitation and pillage of and illicit trade in assets, natural resources and other wealth in those territories, accompanied by substantial and systematic interference with public and private property rights.

Those activities are carried out despite earlier warnings, demands and condemnation by the international community, and against the background of ongoing efforts towards the earliest political settlement of the conflict. In reality,

* The annex is being circulated in the language of submission only.

[1] The territories of the Republic of Azerbaijan occupied by the Republic of Armenia are as follows: the Nagorno-Karabakh region, seven adjacent districts: Lachyn, Kalbajar, Zangilan, Gubadly, Jabrayil, Fuzuly and Aghdam; and three exclaves surrounded by the territory of the Republic of Armenia: the villages of Yukhary Askipara and Barkhudarly of the Gazakh district of Azerbaijan, and the village of Karki of the Sadarak district of the Nakhchivan Autonomous Republic of the Republic of Azerbaijan.

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Armenia imitates its engagement in the conflict settlement process, while undertaking consistent measures aimed at further consolidating the volatile status quo of the occupation. Armenia's policy and practices in the occupied territories of Azerbaijan undermine the prospects of achieving a political settlement of the conflict and pose an imminent threat to peace, security and stability in the region.

Attempts to cover up the illegal activities in the occupied territories of Azerbaijan under the guise of "human rights" or "humanitarian assistance" are fundamentally flawed. It is irrefutable that:

- First of all, one cannot demand privileges at the very core of which are gross and systematic violations of international law, including international humanitarian and human rights law, and the discriminatory denial of fundamental rights and freedoms with respect to others, in particular the significantly larger Azerbaijani population that was expelled from the occupied territories as a result of Armenia's aggression against Azerbaijan.
- Secondly, humanitarian relief actions by States, international organizations and other entities and bodies should, by definition, be exclusively humanitarian in nature. They must be carried out in conformity with the principles of neutrality, impartiality and consent of the affected country, while fully respecting the sovereignty, territorial integrity and national unity of States in accordance with the Charter of the United Nations, as reaffirmed in the guiding principles on humanitarian assistance contained the annex to resolution 46/182 on "Strengthening of the coordination of humanitarian emergency assistance of the United Nations", adopted by the General Assembly on 19 December 1991.

Above all, attempts to change the demographic composition in the occupied territories of Azerbaijan existing before the outbreak of the conflict by artificially increasing the number of Armenians in those territories and preventing the return to their homes and properties of hundreds of thousands of Azerbaijani internally displaced persons, along with the destruction or appropriation of property, can in no way be humanitarian in nature and consistent with human rights standards and the above-mentioned guiding principles.

Another discreditable and reprehensible fact revealed in the report is that the exploitation of natural resources and other wealth in the occupied territories of Azerbaijan has turned into a lucrative business and is one of the sources of income for Armenia and the subordinate separatist regime it has set up in those territories. The report establishes unequivocally the existence of a clear link between the exploitation and pillage of natural resources and other wealth in the occupied territories of Azerbaijan and the unconstructive position of Armenia in the conflict settlement process.

International law prohibits the acquisition of territory by force, so that any military occupation is considered temporary in nature and does not entail a transfer of sovereignty over the occupied territory. In its resolutions 822 (1993), 853 (1993), 874 (1993) and 884 (1993), the Security Council condemned the use of force against Azerbaijan and occupation of its territories and reaffirmed the sovereignty and territorial integrity of Azerbaijan and the inviolability of its internationally recognized borders. In those resolutions, the Council reaffirmed that the Nagorno-

Karabakh region was an integral part of the Republic of Azerbaijan and demanded the immediate, complete and unconditional withdrawal of the occupying forces from all the occupied territories of Azerbaijan. Other international organizations have adopted a similar position.

The international community has the responsibility to ensure the strict compliance by Armenia with its international obligations. It is equally important that all States, in accordance with their international obligations, take effective measures that would prevent any activities by their natural and legal persons against the sovereignty and territorial integrity of Azerbaijan, including the participation in or facilitation of any unlawful activity in the Nagorno-Karabakh region and other occupied territories of Azerbaijan.

The unlawful presence of the armed forces of Armenia in the occupied territories of Azerbaijan is the major destabilizing factor, with the potential to escalate at any time, and the main obstacle in the settlement of the conflict.

The conflict can only be resolved on the basis of the sovereignty and territorial integrity of the Republic of Azerbaijan within its internationally recognized borders. The military occupation of the territory of Azerbaijan does not and shall never represent a solution to the conflict.

The sooner Armenia reconciles with this reality and withdraws its armed forces from the occupied territories of Azerbaijan, the earlier the conflict will be resolved and both countries and their peoples will benefit from the prospects of cooperation and economic development, thus enabling them to implement successfully the 2030 Agenda for Sustainable Development.

As you rightly noted in your statement at the Security Council high-level meeting on 11 February 2011, "Peace, security and development are interdependent" (S/PV.6479, p. 2). In the outcome document of the United Nations summit for the adoption of the post-2015 development agenda, entitled "Transforming our world: the 2030 Agenda for Sustainable Development", the Heads of State and Government and High Representatives, meeting in New York in September 2015, stated that there could be no sustainable development without peace and no peace without sustainable development. They emphasized that the Agenda was to be implemented in a manner that was consistent with the rights and obligations of States under international law, reaffirming the need to respect the territorial integrity and political independence of States, and that every State had, and shall freely exercise, full permanent sovereignty over all its wealth, natural resources and economic activity (see General Assembly resolution 70/1, preamble, para. 8; and para. 18).

I should be grateful if you would have the present letter and its annex circulated as a document of the General Assembly, under agenda items 35 and 40, and of the Security Council.

(*Signed*) Yashar **Aliyev**
Ambassador
Permanent Representative

Annex to the letter dated 15 August 2016 from the Permanent Representative of Azerbaijan to the United Nations addressed to the Secretary-General

Illegal economic and other activities in the occupied territories of Azerbaijan

A. Introduction

1. At the end of 1987, the Soviet Socialist Republic of Armenia (Armenian SSR) overtly laid claim to the territory of the Nagorno-Karabakh autonomous oblast (NKAO) of the Soviet Socialist Republic of Azerbaijan (Azerbaijan SSR). Nationalistic demands marked the beginning of the assaults on the Azerbaijanis in, and their expulsion from, both the NKAO and Armenia itself. At the end of 1991 and the beginning of 1992, when the USSR ceased to exist and both Armenia and Azerbaijan attained independence and were accorded international recognition, armed hostilities and attacks against populated areas within Azerbaijan and mounted from the territory of Armenia intensified and escalated into a full-fledged inter-state war. As a result, a significant part of Azerbaijan's territory, including Nagorno-Karabakh, seven adjacent districts (Lachyn, Kalbajar, Zangilan, Gubadly, Jabrayil, parts of Fuzuli and Aghdam) and the Azerbaijani exclaves surrounded by the territory of Armenia,[2] was occupied by Armenia.[3] The war led to the deaths and wounding of thousands of people; hundreds of thousands of the citizens of Azerbaijan were forced to leave their homes.

2. The international community has consistently deplored and condemned the use of military force against Azerbaijan and the resulting occupation of its territories. In 1993, the United Nations Security Council adopted resolutions 822 (1993), 853 (1993), 874 (1993) and 884 (1993), condemning the use of force against Azerbaijan and occupation of its territories and reaffirming the sovereignty and territorial integrity of Azerbaijan and the inviolability of its internationally recognized borders. In those resolutions, the Security Council reaffirmed that the Nagorno-Karabakh region is part of Azerbaijan and demanded the immediate, complete and unconditional withdrawal of the occupying forces from all the occupied territories of Azerbaijan.[4] The United Nations General Assembly adopted three resolutions on

[2] The villages of Yukhari Askipara and Barhudarli, forming part of the Gazakh district in the North-West of the Republic of Azerbaijan, and the village of Karki – part of the Sadarak district of the Nakhchyvan Autonomous Republic of the Republic of Azerbaijan, are Azerbaijani exclaves surrounded by the territory of the Republic of Armenia. See inserts "a" and "b" on the map in Annex 2.

[3] See the map of the occupied territories of the Republic of Azerbaijan in the Annex 2.

[4] See Repertoire of the Practice of the Security Council, Chapter VIII, Consideration of questions under the responsibility of the Security Council for the maintenance of international peace and security, Agenda Items in 1993-1995, Part 19, Items relating to the situation between Armenia and Azerbaijan, available at <http://www.un.org/en/sc/repertoire/93-95/Chapter%208/EUROPE/93-95_8-19-ARMENIA%20AND%20AZERBAIJAN.pdf>.

the conflict,[5] and since 2004 the special item entitled "The situation in the occupied territories of Azerbaijan" has been included in the agenda of the regular sessions of the General Assembly.[6]

3. The UN Security Council in the above resolutions clearly established that the territory of Azerbaijan was the object of military occupation with all the legal consequences that this determination entails.[7] The Council, *inter alia*, reaffirmed that the parties are bound to comply with the principle sand rules of international humanitarian law[8] and called on them to refrain from all violations of international humanitarian law.[9] The international humanitarian law instruments specifically prohibit any activities aimed at altering the legal system and changing the physical, cultural and demographic character of an occupied territory, including deportations and transfers of civilians, infringement on private and public property, pillage, exploitation of the inhabitants, the resources or other assets of the territory under occupation for the benefit of the occupying power or its population (see below).

4. Since 1992 the Organization for Security and Cooperation in Europe (OSCE) has engaged in efforts to achieve a settlement of the conflict under the aegis of its Minsk Group, currently under the co-chairmanship of the French Republic, the Russian Federation and the United States of America.[10]

5. Despite the ongoing conflict settlement process, the policy and practice of Armenia clearly testify to its intention to secure the annexation of Azerbaijani territories that it has captured through military force and in which it has carried out ethnic cleansing on a massive scale.

6. Azerbaijan has presented to the international community the irrefutable well-documented evidence attesting to consistent measures undertaken by Armenia in the occupied territories of Azerbaijan with a view to further consolidating the current status quo of the occupation. Such measures include implantation of settlers from Armenia and abroad, destruction and appropriation of historical and cultural heritage, illegal economic and other activities, exploitation and pillage of natural resources, accompanied by substantial and systematic interference with the public and private property rights.[11] This has been also confirmed in a consistent manner by a variety of independent sources. These activities are pursued against the

[5] UN General Assembly resolutions 48/114 of 20 December 1993, entitled "Emergency international assistance to refugees and displaced persons in Azerbaijan", 60/285 of 7 September 2006 and 62/243 of 14 March 2008, both entitled "The situation in the occupied territories of Azerbaijan".

[6] See UN Doc. A/59/236, 14 October 2004, and UN Doc. A/59/236/Add.1, 20 October 2004.

[7] See UN Doc. A/63/662-S/2008/812, 24 December 2008, and UN Doc. A/63/692-S/2009/51, 27 January 2009.

[8] See resolution 822 (1993) of 30 April 1993, operative para.3; resolution 853 (1993) of 29 July 1993, operative para. 11.

[9] See resolution 874 (1993) of 14 October 1993, operative para. 9.

[10] The OSCE Minsk Group's permanent members are Turkey, Belarus, Germany, Italy, Sweden and Finland, as well as Azerbaijan and Armenia. On a rotating basis, also the OSCE Troika is a permanent member.

[11] See UN Doc. A/59/720-S/2005/132, 1 March 2005.

background of pronouncements by Armenia at the highest level that Nagorno-Karabakh is "inseparable part" of Armenia.[12]

7. At the request of the Government of Azerbaijan, the OSCE conducted a fact-finding mission into the occupied territories between 30 January and 5 February 2005. The main outcome of the mission was its report, which is based on the analysis of the situation on the ground. The most important conclusion in the report was that, during its visit, the mission found evidence of the presence of Armenian settlers in the occupied territories of Azerbaijan, thus having shared the concerns of Azerbaijan.[13] The OSCE Minsk Group co-chairmen, proceeding from the conclusions contained in the mission's report, emphasized that "[p]rolonged continuation of this situation could lead to a *fait accompli* that would seriously complicate the peace process." They "discourage[d] any further settlement of the occupied territories of Azerbaijan" and "urge[d] the parties [...] to avoid changes in the demographic structure of the region, which would make more difficult any future efforts to achieve a negotiated settlement".[14]

8. The OSCE Minsk Group co-chairmen conducted another field assessment mission to the occupied territories, from 7 to 12 October 2010, to assess the overall situation there. In their subsequent report, the co-chairmen again urged "[...] to avoid any activities in the territories [...] that would prejudice a final settlement or change the character of these areas."[15]

9. More than five years have passed since the last OSCE field assessment mission. However, nothing has been done to put an end to the settlement practices and other illegal activities. The evidence shows that Armenia, directly by its own means and indirectly through the subordinate separatist regime and with the assistance of Armenian diaspora, not only continued, but expanded the illegal activities in the occupied territories, accompanied by interference with the public and private property rights. In total disregard of international humanitarian law and the appeals from the OSCE Minsk Group and the wider international community, Armenia and its subordinate separatist regime do the opposite, trying to artificially increase the number of Armenians in the occupied territories, including in the districts adjacent to the Nagorno-Karabakh region of Azerbaijan, namely, in Lachyn, Kalbajar, Zangilan, Gubadly, Jabrayil and parts of Fuzuli and Aghdam, with the sole purpose of annexing these territories and preventing the expelled Azerbaijani population from returning to their homes in those areas.

10. The present report documents the continued unlawful activities of Armenia in these territories. The report is based on the collection and analysis of information

[12] See the speech by the President of Armenia Serzh Sargsyan at the "6th session of the State Commission on Coordination of the Events for the Commemoration of the 100th Anniversary of the Armenian Genocide", 26 September 2015, <http://www.president.am/en/press-release/item/2015/09/26/President-Serzh-Sargsyan-meeting-Genocide-100/>.

[13] See UN Doc. A/59/747-S/2005/187, 21 March 2005, annex II.

[14] See "Letter of the OSCE Minsk Group Co-Chairs to the OSCE Permanent Council on the OSCE Minsk Group Fact-Finding Mission (FFM) to the occupied territories of Azerbaijan Surrounding Nagorno-Karabakh (NK)", UN Doc. A/59/747-S/2005/187, 21 March 2005, annex I, pp. 4 and 5.

[15] For the Executive Summary of the OSCE field assessment mission report, see <http://www.osce.org/mg/76209?download=true> and Press release of the Ministry of Foreign Affairs of the Republic of Azerbaijan, UN Doc. A/65/801-S/2011/208, 29 March 2011.

from various public sources, predominantly Armenian ones, covering mostly the period of 2010-2015. It consists of seven parts: Part (A) is an introduction, providing some background information on the subject matter and methodology used in data analysis; Part (B) provides the executive summary of key findings; Part (C) contains the evidence attesting to the effective control by Armenia over the occupied territories, manifested in its dominant role in the financial, economic, social and other organization within the occupied territories; the role of Armenia in providing economic support to the illegal regime in the occupied territories; and close, virtually integrated political links at all levels of the government structures of Armenia with the subordinate regime; Part (D) contains the information attesting to the illegal activities carried out in the occupied territories, including organized illegal settlement practices, continued illegal economic and other activities for Armenia's own economic gain, such as the exploitation and pillage of natural resources and other wealth and permanent infrastructure changes; Part (E) presents the obligations and responsibility under international law arising from the continuing unlawful occupation by Armenia of the territories of Azerbaijan and illegal activities in those territories; Part (F) provides the list of urgent measures to cease and reverse immediately unlawful economic and other activities in the occupied territories of Azerbaijan; and Part (G) contains annexes to this report.

11. Press reports are an important source for establishing existence of the facts, as ruled by the International Court of Justice.[16] The information gathered from the Armenian public sources shows that Armenia's continued military and other presence in the occupied territories and its involvement in the above activities has received wide coverage in the Armenian and world media and hence constitutes a matter of general repute and public knowledge, which contributes to corroborating the existence of the facts on the ground. It is also well-recognized in the sources of general international law that admissions against interest may constitute evidence of the intention of a State at a particular time. As is seen from the information below, there are abundant admissions on the part of Armenian high-level political and military officials. The report also contains images depicting the unlawful activities in the occupied territories.[17]

12. To assess the reliability of the information provided in the collected press reports, the data triangulation was employed to crosscheck the information and verify the facts with a view to establishing a comprehensive picture of the situation in the occupied territories of Azerbaijan. The information examined in this report is not exhaustive, but more than 500 press reports that contain also admissions concerning the facts on the part of government officials of Armenia and the agents of the subordinate separatist regime in the occupied territories, provide sufficient

[16] *Military and Paramilitary Activities in and against Nicaragua* (*Nicaragua v. United States of America*), Judgment of the International Court of Justice of 27 June 1986 (Merits), I.C.J. Reports (1986), paras. 62 and 63.

[17] The images presented are for illustrative purpose only and do not imply endorsement or authorization in any way of the visits to the occupied territories of Azerbaijan. The Ministry of Foreign Affairs of the Republic of Azerbaijan warns that individuals visiting the occupied territories without prior authorization of the authorities of Azerbaijan in violation of the national legislation and international law will be included into the list of persons whose entry to the Republic of Azerbaijan is prohibited with all the legal consequences that it entails. For more on travel restrictions, see <www.mfa.gov.az>.

and convincing evidence testifying to Armenia's purposeful attempts to consolidate the occupation of the territories of Azerbaijan and to impose a *fait accompli* situation.

B. Executive summary

13. The examined evidence attests to Armenia's continuing military presence in and occupation of the territories of Azerbaijan, including its Nagorno-Karabakh region and seven adjacent districts. High-ranking political and military officials of Armenia, including the President, the Prime-Minister, the Minister of Defence and the Chief of General Staff of the armed forces of the Republic of Armenia, regularly visit the occupied territories. They admitted on a number of occasions the presence and involvement of the armed forces of Armenia in military operations on the territory of Azerbaijan both at a time of occupation of these territories and at present. Indeed, the armed forces of Armenia are engaged in active duties in the occupied territories; the armed formations of the subordinate separatist regime established by Armenia in the occupied territories of Azerbaijan are highly integrated with and are essentially an extension of the armed forces of Armenia; the subordinate separatist regime and its armed formations act on the instructions of and under the direction and control of the organs of Armenia and survive by virtue of Armenia's military, political, financial and other support.

14. There is a pattern of close political links at all levels between Armenia and its subordinate separatist regime in the occupied territories. As is well-known, the former and incumbent Presidents of Armenia, Robert Kocharyan and Serzh Sargsyan, came from within the ranks of the separatists. In addition to the senior command posts in the armed forces, this also involves both the political and social strata. The existence of close and persistent political, social and other links is apparent from a series of events in the public domain. The ministries and other government bodies of Armenia and the structures of the separatist regime hold joint sessions in the occupied territories. High-ranking officials of Armenia engage in joint planning and implementation of various programmes.

15. Close coordination between the government bodies of Armenia and the structures of the subordinate separatist regime, access to the occupied territories only from Armenia and with the permission of Armenia's armed forces or its local agents attest to the full knowledge of, acquiescence and connivance by the State organs of Armenia – from the President, the Prime-Minister and government ministers to the lowest enforcing agencies – in the acts of the subordinate separatist regime and the Armenian armed forces, as well as in the involvement of Armenian and foreign natural and legal persons in unlawful activities in the occupied territories, including pillaging and illegal exploitation of natural resources.

16. Armenia spares no effort to consolidate the results of the unlawful use of force and occupation and to politically promote its annexationist aspirations. The Government of Armenia, Armenia registered private companies and entities, as well as foreign businesses, including those run by the Armenians or based on the Armenian capital, play a decisive role in funding, enabling and facilitating permanent changes in economic, demographic and cultural character of the occupied

territories both for private gain and for supporting the prolongation of the occupation of these territories.

17. Armenia undertakes efforts towards incorporating the occupied territories into its socioeconomic space and its customs territory, in violation of its international obligations, including those assumed within the World Trade Organization (WTO). Armenia attempts to incorporate the occupied territories into its banking and financial sector, through extending Central Bank of Armenia's (CBA) regulating and oversight authority over these territories. CBA exercises full control over the financial transactions in and out of the occupied territories. Furthermore, Armenia illegally assigns its unique numbering code to the occupied territories, exploits Azerbaijan's fixed and cellular radio-telecommunication networks and radio frequencies, in violation of the relevant Regulations and Acts of the International Telecommunication Union.

18. The subordinate separatist regime in the occupied territories is highly dependent on external financial support, primarily from Armenia, but also from Armenian diaspora worldwide. Armenia provides more than half of "budgetary" spending of the subordinate separatist regime through loans and grants from its State budget. Annual monetary transfers from the Government of Armenia reportedly covered 52 per cent of spending of the separatist regime in 2015. Actual spending of Armenia to sustain the subordinate regime and the illegal activities in the occupied territories is considerably higher and includes the budgets of various ministries of Armenia that allocate funding for approved joint action plans with the subordinate regime, providing technical, material support and other expertise to implement projects in these territories. This financial support, which amounts to a State policy, is critical in funding settlements and sponsoring illegal economic activities in the occupied territories.

19. Armenian diaspora organizations, including the Lebanon-based Artsakh Roots Investment ("ARI") company, play a major role in enabling and facilitating the occupation. A large amount of funding for settlements and other activities is provided by foreign private investors, mostly of Armenian origin, and from charity non-profit organizations, like the US-based Tufenkian Foundation, Armenian General Benevolent Union (AGBU), Cherchian Family Foundation and others, which benefit from their tax-exempt status in host countries and are channelling large amounts into the illegal activities and settlements throughout the occupied territories, providing other material assistance to support these activities either directly or indirectly, at the instruction and/or encouragement of Armenia.

20. Over the past years, the transfer of Armenian settlers from Armenia and elsewhere into the occupied territories, including the areas adjacent to the occupied Nagorno-Karabakh region of Azerbaijan, in particular the districts of Lachyn, Kalbajar, Gubadly, Zangilan and Jabrayil, has continued with accelerated pace. Armenia is directly involved in the settlement practice through its Ministry of Diaspora and other State organs, as well as through charity organizations and the subordinate structures in the occupied territories. Armenia-founded and controlled Hayastan All-Armenian Fund designed and implemented a special "Re-population of the villages of Artsakh" project. Settlement activities in the occupied territories are carried out in a pre-planned and organized manner with clearly defined objective and geographic focus. Settlements are being established and permanent social and

economic infrastructure in support of settlement enterprise is being constructed in pre-identified village clusters, usually comprising of several villages in the so-called "strategic areas", including in particular those depopulated of their Azerbaijani inhabitants, to facilitate further repopulation of these territories with the ultimate goal of maintaining the *status-quo*, to create a new demographic situation on the ground, prevent the return of the Azerbaijani population to their places of origin and impose a *fait-accompli*.

21. A scheme of subsidies and incentives has been put in place to encourage Armenian settlers to move to the occupied territories. Various methods employed at different stages of the settlement process include the provision of subsidies, mainly related to discounted or free utilities, free construction materials, low or no taxes, offers of attractive employment opportunities, free provision of material support (a house/apartment, land and other assistance), and the promotion of private entrepreneurship, the provision of agricultural grants, credits and cattle etc. Special social programmes (mainly in the form of one-time financial assistance for the first, second and more children and the provision with a house for families with six children under the age of 18), are designed to stimulate natural growth among the settlers and indicate the existence of policy driven repopulation efforts.

22. According to the contracts signed with Armenian settlers, they are granted "legal ownership" of the donated properties at no cost, on condition that they live there for more than 10 years.

23. If until 2005 potential settlers were receiving information about the so-called "target areas" from family members and friends who had previously settled in the occupied territories or had been recruited by the entity called "Artsakh Committee", based in Yerevan (Armenia), which has provided consultation, orientation and selection of specialists needed in those "target areas", since 2010 recruitment of settlers from within Armenia and abroad has become more organized and massive in scale, with TV channels in Armenia reportedly informing about privileges available and professions needed.

24. Armenian statistical information shows that the number of settlers in the occupied territories has been increasing progressively. Settlements in the occupied Kalbajar, Lachyn, Gubadly and Zangilan districts stand out as of particular importance to Armenia, reportedly due to significant economic potential, including water resources, minerals and energy potential and agricultural opportunities in those areas. The declared target is to increase the population of at least some of the villages in those occupied districts minimum to 1,000 each by 2017.

25. In a new settlement wave, Armenia encourages and facilitates resettlement of Syrian Armenians in the occupied territories. Government agencies of Armenia, including its Ministry of Diaspora, as well as other organizations of Armenia, in particular the Armenian Revolutionary Federation (ARF), which designed special Yerevan-headquartered "Help Your Brother" programme for this purpose, are directly involved in encouraging Syrian Armenians to move to the occupied territories. Armenians from Syria (many from Qamishli and Aleppo cities in Syria) are settled mainly but not exclusively in the occupied Zangilan, Gubadly and Lachyn districts. Maintenance of and support for the settlements with Syrian Armenian communities serve as an incentive for more their compatriots and

relatives to move from Syria and from Armenia, given the continuing instability in Syria and the dire economic situation in Armenia.

26. There are reports that Syrian Armenians settled in the occupied territories are being recruited to serve in the Armenian armed forces deployed there.

27. Armenia is also resorting to other incentive tricks, like granting to the new and existing settlements the geographic names with clear historical connotation (like "New Cilicia", "Van" etc.) in an effort to draw historical parallels, exploit sentiments and thus encourage more Armenians to move to the occupied territories.

28. The evidence presented refutes allegations that Armenia is not directly engaged in settling Armenians in the occupied territories of Azerbaijan and that they move on their own accord and leaves no doubt as to the existence of the government policy of encouragement of settlement of the Armenian population in those territories, in breach of international humanitarian law.

29. Armenian press reports and other sources confirm that almost all native toponyms of historical Azerbaijani places in the occupied territories were altered in yet another clear sign of Armenia's annexationist aspirations and purposeful efforts aimed at destroying the character of Azerbaijani historical and cultural heritage in the occupied territories.[18]

30. Armenia continues permanent energy, agriculture, social, residential and transport infrastructure changes in the occupied territories, including the construction of irrigation networks, water supply systems, roads, electrical transmission lines and other economic and social facilities. Building of infrastructure in the occupied territories is declared a priority and is linked directly to supporting the maintenance of settlements and to bringing and keeping more Armenian settlers in those territories. Economic activities generated by settlements result in appropriation of land and natural resources and other public and private property. Armenia's direct involvement in building infrastructure in the occupied territories, including the areas depopulated of their Azerbaijani population, is evident from State loans provided to the subordinate separatist regime, channelling funds for such purposes through the Armenia-founded and controlled Hayastan All-Armenian Fund, supply of construction materials, heavy machinery and equipment, as well as from design and implementation of infrastructure projects by Armenia's institutions and companies.

31. Infrastructure projects carried out in the occupied territories include also the construction/ reconstruction of roads envisaged exclusively for connecting Armenia and the occupied territories and the Armenian settlements within the occupied territories. Among them is the Goris-Khankandi road, passing through the occupied Lachyn district, linking Armenia and the occupied territories, the so-called "North-South" highway, connecting the northern part of the occupied territories with the

[18] As the presented Armenian press reports indicate, almost all native toponyms of historical Azerbaijani places in the occupied territories were altered (for example Shusha, Khankandi, Lachyn, Kalbajar and Zangilan are referred to by Armenia as "Shushi", "Stepanakert", "Berdzor", "Karvachar" and "Kovsakan", respectively). To reveal these unlawful methods, the above-mentioned and other distorted names are listed in the annex 1 to this report. Unless used in quotes from the Armenian sources, geographic designations throughout the report are given in their original, Azerbaijani spelling.

south and the Vardenis-Aghdara highway, passing through the occupied Kalbajar district of Azerbaijan.[19]

32. Over the past years, the scale of construction and renovation of residential buildings/houses and other social facilities has considerably increased. Building of social infrastructure in the occupied territories is directly linked to promoting settlements in these areas and is yet another testimony of the efforts towards creating a new demographic situation on the ground and preventing the return of the Azerbaijani displaced persons to their homes. Many facilities and residential houses are built on the ruins of demolished buildings/houses, confirming the earlier reports that public and private property has been appropriated, that empty houses of Azerbaijani internally displaced persons were often dismantled for use as construction materials or that new houses are being built on their lands and properties.

33. Armenia exercises pervasive control over the entire economic and commercial system in the occupied territories, including inbound and outbound trade flows and economic resources. Armenian companies and businesses registered in Armenia or elsewhere or established in the occupied territories with the assistance of Armenian entities or Armenian capital control the entire market and manage the export of settlement produce to international markets. Many Armenian companies operate farms, orchards and production facilities in the occupied territories. Technology and equipment is provided to the occupied territories from Armenia and from other countries through Armenia. Armenia supplies a variety of heavy engineering machinery, including tractors, combines and bulldozers and other equipment. There are hundreds of various types of USA-manufactured Caterpillar machines, farm tractors and equipment of US-based John Deere and Germany's Deutz-Fahr companies, South Korean Hyundai trucks, Belarus MT3-82,3 model farm tractors, as well as other heavy machinery utilized in illegal activities, including in mining, agriculture, expansion of settlements and construction of the associated infrastructure.

34. Apart from the agricultural equipment, as an additional settlement incentive diesel fuel for planting and ploughing, financial assistance in the form of interest-free loans, agricultural support equipment, like disk harrows, seeders, fertilizers, distributors and pesticide sprinklers and other equipment is provided from Armenia.

35. Certain foreign natural and legal persons play a major role in Armenia's colonial enterprise in the occupied territories. A large number of foreign entities operating in the occupied territories are run by the Armenians or have close connections with Armenian diaspora. A number of businesses were established in the occupied territories to export settlement produce, raw materials and natural resources from there. Others are engaged in settlement activities, housing construction and agricultural projects. Many of those enterprises are affiliates or wholly owned subsidiaries of Armenia-registered companies. The true ownership of most of those companies and their production facilities in the occupied territories remains unclear, as many of them are subsidiaries of larger conglomerates, oftentimes registered offshore in Cyprus, Liechtenstein and elsewhere. Armenia's

[19] For the locations of the towns and villages, referred to in this report, see the map in the Annex 3.

government structures and affiliated entities actively promote illegal activities by foreign companies in the occupied territories.

36. Since Armenia and its subordinate separatist regime are largely deprived of the possibility of attracting international financial and credit resources to finance illegal activities in the occupied territories, they rely on Armenian diaspora that make donations through charitable organizations or individual contributions. Many foreign entities provide desperately needed investments to sustain these illegal activities in exchange for the shares in the sectors to which they invest and thus profit from and support the occupation. Such funding is channelled through the branches of Armenian banks operating in the occupied territories and conducting international financial transactions via intermediary banks in Russia, several European countries and elsewhere.

37. Many facilities in the occupied territories process their materials at least partially in Armenia. Some of the raw materials for processing are brought in from Armenia or from elsewhere. Many Armenian companies source their raw materials from the occupied territories. A number of foreign retailers, including in Russia, the United States and some European countries, in particular in France, Bulgaria, Ukraine, Hungary, Belgium, Germany, the Czech Republic, The Netherlands, as well as in Australia and UAE, have supply contracts with Armenian companies or their wholly owned subsidiaries in the occupied territories, thus becoming complicit with Armenia's occupation of the territories, expansion of illegal settlements and the colonization of the territory of Azerbaijan and its resources.

38. Armenia is supporting and encouraging production and export of the products illegally produced in the occupied territories. Armenia's high-ranking officials, including President Serzh Sargsyan, Prime Minister Hovik Abrahamyan and other ministers, routinely visit the occupied territories and inspect production facilities there. The State organs of Armenia provide logistical support to Armenian and foreign enterprises operating in the occupied territories to export their products to international markets and promote ties with foreign businesses and organize trips of foreign companies to the occupied territories to explore investment opportunities there.

39. To camouflage the illegal nature of settlement produce, Armenian agricultural and liquors export companies, including "Stepanakert Brandy Factory" and "Artsakh Fruit CJSC", routinely mislabel the products wholly or partially produced or packed in the occupied territories as originating from Armenia, thus misleading governments, international retailers and consumers.

40. The agricultural lands in the occupied territories along the Araz River, including in Zangilan and Jabrayil districts, have been illegally appropriated and extensively exploited by Armenia, its companies and the subordinate separatist regime due to their economic potential, climate, water and other resources. Agricultural land used for sowing in these districts is expanding annually. Harvested crops are transported to Armenia, in particular to the Syunik district for distribution by retailers.

41. Exploitation of agricultural resources is pursued not only for economic, but also demographic reasons. In fact, illegal settlements in the occupied territories rely primarily on agriculture development, and the existence of many settlements is

dependent on access to arable lands and water resources. This is why Armenia and its diaspora organizations encourage the transfer of Armenian settlers into the arable lands in the Araz River Valley, in particular the occupied Zangilan and Jabrayil districts, expecting that land cultivation, including crops and other vegetable growing and agricultural exports, will generate sufficient revenue for the settlers to stay and expand their communities. Settlement of Syrian Armenians in the occupied territories is also largely driven by their experience in agriculture development in their home country that Armenia hopes will be a significant boost to the colonization of those territories.

42. Given the highly subsidized character of agriculture in the occupied territories, intensive agricultural production there is heavily dependent on financial assistance and the development of water, power and transport infrastructure. This makes access to and control of water resources, in particular those in the occupied Kalbajar, Lachyn, Zangilan and Jabrayil districts, an important factor in the colonial enterprise of Armenia. In order to service the settlements and farming, as well as to maximize the exploitation of water resources in the occupied territories, a number of actions were taken, including capture and diversion of waters of the rivers and their headwaters for the settlements' use in the Araz Valley and elsewhere, constructing new or using existing artesian wells, pump-stations and irrigation canals that fell into disuse after the Azerbaijani population was forced to abandon their places of residence. By its involvement in rehabilitation and construction of the irrigation system in those territories, Armenia's ArmWaterProject Company Ltd. directly participates in appropriation of water resources from there. Exports of agricultural produce grown in the occupied territories and using water illegally requisitioned from the occupied territories contribute to the colonization of the Azerbaijani territories.

43. Water resources in the occupied territories are used not only for irrigation, but also for power generation. For this purpose, a series of power plants, including small hydro-power piants, were built and are operating in the occupied territories.

44. If dismantling of infrastructure, such as notorious stripping of metals, pipes, bricks and other construction materials from the ruins of demolished Azerbaijani households and public buildings was previously conducted by individual Armenian settlers and soldiers, the examined evidence shows that this practice is currently replaced with more organized system of pillage, under the direction and control of Armenia, with the scope and the geographic area of that pillage dramatically expanded to include also depredatory exploitation of natural resources and other forms of wealth across the occupied territories.

45. Mining of the precious minerals and metals is one of the main enterprises in the occupied territories. Predatory exploitation of Gyzylbulag underground copper-gold mine near Heyvaly village in the occupied Kalbajar district by Base Metals CJSC, which is a wholly owned subsidiary of Armenia's Vallex Group CJSC, registered in Liechtenstein, led to its almost complete depletion. In May 2013, Base Metals CJSC launched exploitation of Demirli open-pit copper and molybdenum mine located near Demirli, Gulyatag and Janyatag villages in the occupied part of the Tartar district. In 2014, Gold Star CJSC reportedly started exploitation of the gold mine near Vejnali village in the occupied Zangilan district of Azerbaijan. Since

2007, GPM Gold, a subsidiary of Russia-based GeoProMining Ltd., has been extracting ore in Soyudlu gold mine in the occupied Kalbajar district.

46. There is an illegal traffic in natural resources across the occupied section of the international border between Azerbaijan and Armenia that is controlled by the armed forces of Armenia. Armenia is a transport base for movement of minerals and other wealth from the occupied territories of Azerbaijan to international markets. The construction of the Vardenis-Aghdara highway through the occupied Kalbajar district of Azerbaijan is directly linked to gaining access to the areas in the occupied territories rich in natural resources and to facilitate exporting goods and minerals out of the occupied territories to Armenia and international markets. The Government of Armenia, in particular through its Energy Ministry, is directly involved in building of this road. The ore concentrate from Gyzylbulag mine has been transported to Armenia, where it is further processed into gold containing copper and exported to international markets, mainly in Europe. Armenia is also extracting coal from the mine near Chardagly village in the occupied part of the Tartar district to supply the power plant in Yerevan, Armenia.

47. This and other evidence confirm that Armenia is directly involved in exploitation and pillage of natural resources in the occupied territories of Azerbaijan for its own economic benefit. Armenia and its subordinate separatist regime are profiteering economically and financially from the armed conflict and occupation of the territories of Azerbaijan. Exploitation of natural resources and other forms of economic wealth in the occupied territories turned into a lucrative business and is the major source of income for Armenia and its subordinate regime.

48. There is a clear correlation between the exploitation and pillage of natural resources and other forms of wealth of Azerbaijan and the uncompromised position of Armenia, unwilling to withdraw its armed forces from the occupied territories of Azerbaijan. It is obvious that Armenia is seeking to prolong the occupation with a view to retaining control over the mineral, agricultural and water resources and other wealth in those territories.

49. Armenian officials and the agents of the subordinate separatist regime confirm that the exploitation of natural resources is directly linked to solving the "demographic issues", implying that at least part of the finances accumulated from such exploitation is allocated to settlement programmes that ultimately serve the purpose of prolongation of occupation and preventing the Azerbaijani internally displaced persons from returning to their homes and properties in the occupied territories. Thus said, illegal economic activities in the occupied territories produce the notorious "conflict diamonds" effect and contribute to sustaining the *status-quo* and to the continuation of the armed conflict.

50. Armenia not only failed to take adequate measures to put an end to the exploitation of resources in the occupied territories by any natural and legal persons, wherever located, but, as the examined evidence reveals, also encourages them to engage in such activities. The illegal activities in the occupied territories and the exploitation of natural resources also raise a number of environmental concerns. The mining companies that acquire illegal "licenses" for exploitation of mineral resources in the occupied territories have poor environmental record in Armenia and continue the same depredatory practice in those territories, paying no regard

whatsoever to the environment. As a result, the exploitation of resources in the occupied territories severely damages the environment. There are already millions of tons of waste in tailing dumps, which are saturated with heavy metals and other dangerous substances. Environmental degradation in the occupied territories has reached such a fast and unobstructed pace that even Armenia-based environmental organizations raised red flag. Valuable species of trees, including nut-trees, oaks, Eldar's pine-tree, persimmon and others that are under special protection are subjected to felling and cutting for timber, which is exported out of the occupied territories for furniture, barrel and rifle production. Many species of trees for a long time are on the verge of disappearance. Armenian sources, including statistical data, confirm that illegal tree felling in the occupied territories is on the rise.

51. Armenia takes consistent measures aimed at altering the Azerbaijani historical and cultural features of the occupied territories. Alleged "reconstruction" and "development" projects in the occupied territories, including in Shusha, one of the cultural and historical centres of Azerbaijan, and archaeological excavations are carried out with the sole purpose of removing any signs of their Azerbaijani cultural and historical roots, constructing fake historical narratives to substantiate Armenia's policy of territorial expansionism.

52. Armenia also exploits tourism as a tool for its annexationist policies. In particular, tourism is being abused by Armenia to propagate the illegal separatist entity and generate financial means to consolidate the results of the occupation. On a number of occasions, international tourism fairs and other events were used to mislead the general public by promoting the occupied territories of Azerbaijan as a "tourist destination", in particular through creating booths and disseminating materials about the illegal separatist entity established by Armenia in those territories. These actions are clear negation of tourism and put in danger the safety and security and even life of international travellers, who may be unaware of the dangers associated with their visits to the occupied territories and of the legal consequences flowing from such visits without formal permission of Azerbaijan.

53. Accordingly, the conclusion must be that, due to its initial and continuing use of force against Azerbaijan and persisting occupation of Azerbaijan's territory, accomplished both directly through its own organs, agents and officials and indirectly through its subordinate separatist regime in the occupied Nagorno-Karabakh region and adjacent districts over which Armenia exercises effective control as it is understood under international law, Armenia bears full international responsibility for the breaches of international law.

C. Occupation by Armenia of the territories of Azerbaijan and their attempted annexation

54. The examined evidence refutes Armenia's allegations of non-involvement aimed at disguising its military presence and occupation of the territories of Azerbaijan and in general its own role in regard to what is happening in reality in the occupied territories. Armenia spares no effort to consolidate the results of the unlawful use of force and to this end, continues to undertake efforts to unlawfully change the demographic, cultural and physical character of the occupied territories of Azerbaijan.

1. Effective control by Armenia over the occupied territories

55. The close, almost umbilical, links between Armenia and the subordinate separatist regime have a strong personal element at the highest level, in addition to a whole range of other connections. Military occupation and control of the territories of Azerbaijan by Armenia's armed forces and, in general, accessibility of the occupied territories only from Armenia and with the permission of Armenia's local agents attest to the acquiescence and connivance of the State organs of Armenia in the acts of subordinate regime, its military formations, as well as of natural and legal persons, private individuals and entities of Armenia and some other countries, operating in the occupied territories. The presented evidence leaves no doubt that the subordinate separatist regime and its armed formations act on the instructions and under the direction and control of the organs of the Republic of Armenia and survive by virtue of Armenia's military and other support.

56. Thus, the high-ranking political and military officials, including the incumbent President of Armenia Serzh Sargsyan and the Minister of Defence of Armenia Seyran Ohanyan, who were commanders of the Armenian armed forces during the invasion of the territories of Azerbaijan in 1992-1994, on a number of occasions admitted the presence and involvement of the armed forces of Armenia in military operations both at a time of occupation of the territories and at present.

57. It is obvious from the large number of Armenia's armed forces engaged in active duties in the occupied territories of Azerbaijan that those territories are under the occupation and effective control of Armenia. The armed formations of the subordinate separatist regime are closely integrated with and are essentially an extension of Armenia's armed forces, as evidenced by close links at all levels, including senior command posts, the joint military planning that includes the whole range of issues from military built-up[20] to planning and carrying out of military operations, as well as routine joint operational and tactical military exercises.[21] S.Sargsyan and S.Ohanyan, as well as other senior military commanders of the armed forces of Armenia routinely visit the occupied territories, inspect deployed military units and military hardware, examine the frontline engineering and fortification works, exercise command and control and give instructions to the field commanders.[22] S.Ohanyan routinely visits the occupied territories to participate in

[20] See UN Doc. A/68/133/Add.1, 17 September 2013.

[21] See Press release of the Ministry of Defence of Armenia of 10 November 2014, "The Armenian military exercises – Unity 2014", <http://www.mil.am/1415617726/page/10>; Press release of the Ministry of Defence of Armenia of 27 November 2014, "The results of the "Unity 2014" military exercises have been summarized", <http://www.mil.am/1417099727/page/8>.

[22] See "Ohanian visits Karabakh after Deadly Fighting", *Azatutyun.am*, 23 March 2015, <http://www.azatutyun.am/ articleprintview/26916300.html>; "Artsakh Republic President Bako Sahakyan received defence minister of the Republic of Armenia Seyran Ohanyan", *Artsakhtert.com*, 16 January 2015, <http://artsakhtert.com/eng/index.php?option=com_ content&view =article&id=1670:artsakh-republic-presidentbako-sahakyan-received-defence-minister-of-the-republic-of-armenia-seyran-ohanyan&catid=11:official&Itemid=23>; "Armenian Defence Chief Visits Karabakh Frontline", *Azatutyun.am*, 16 December 2014, <http://www.azatutyun.am/content/article/26747394.html>; Press release of the Ministry of Defence of Armenia, "Working visit to the Republic of Nagorno-Karabagh", 13 November 2013, <http://www.mil.am/1384347865/page/24>; "Military leadership meets in Karabakh", *Panorama.am*, 24 July 2013, <http://www.panorama.am/en/region/2013/07/24/karabakh-meeting/>; "Working visit of President Serzh Sargsyan to the Nagorno Karabakh Republic", *President.am*, 25 October 2012, <http://www.president.am/en/Artsakh-visits/item/2012/10/22/ President-Serzh-Sargsyan-Artsakh-working-visit/>.

the so-called "Defence Army's Military Council" meetings, where the military planning is carried out.[23] Other top military officials of Armenia, including the Chief of General Staff of the armed forces of Armenia, colonel general Yuri Khachaturov, the first Deputy Chief of General Staff, lieutenant-general Enrico Apryamov, Chief Military Inspector of the President of Armenia, colonel-general Michael Haroutyunyan, regularly visit the occupied territories to coordinate joint activities.[24] Citizens of Armenia drafted into the armed forces of Armenia are doing their compulsory military service in the occupied territories of Azerbaijan.[25] Wounded and otherwise disabled Armenian servicemen serving in the occupied territories are treated in the Central Military Hospital of the Ministry of Defence of Armenia.[26] Deceased active duty servicemen of Armenia's armed forces killed in action in the occupied territories are buried in "Yerablur" military pantheon in Armenia.[27] Armenia awards military decorations to veterans and servicemen of the

[23] See "On 16 January Artsakh Republic President Bako Sahakyan partook in a meeting of the Defence Army's Military Council dedicated to summing up the activities carried out in 2014 activities and the 2015 action plan", *Artsakhtert.com*, 16 January 2015, <http://artsakhtert.com/eng/index.php?option=com_content&view=article&id=1671:-on-16-january-artsakh-republic-president-bako-sahakyan-partookin-a-meeting-of-the-defence-armys-military-council-dedicated-to-summing-up-the-acti vities-carried-out-in-2014-activities-and-the-2015action-plan&catid=11:official&Itemid=23>.

[24] See "On 16 February President of the Artsakh Republic Bako Sahakyan met first deputy head of the General Staff of the Republic of Armenia's Armed forces lieutenant-general Enrico Apryamov", *Artsakhtert.com*, 17 February 2015, <http://artsakhtert.com/eng/index.php?option=com_content&view=article&id=1700:-on-16-february-president-of-the-artsakh-rep ublic-bako-sahakyan-met-first-deputyhead-of-the-general-staff-of-the-republic-of-armenias-armed-forces-lieutenant-general-enri co-apryamov-&catid=11:official&Itemid=23>; "On 24 February Artsakh Republic President Bako Sahakyan received chief military inspector of the President of the Republic of Armenia colonel-general Michael Haroutyunyan", *Artsakhtert.com*, 24 February 2015, <http://artsakhtert.com/eng/index.php?option=com_content&view=article&id=1710:-on-24-february-artsakh-republic-president-bako-sahakyan-received-chief-military-inspector-of-thepresident-of-the-republic-of-armenia-colonel-general-michael-haroutyunyan-&catid=11:official&Itemid=23>.

[25] See "The Thousand Yard Stare: On the Nagorno-Karabakh Front", *Saraanjargolian.com*, <http://www.saraanjargolian.com/ thousandyard-stare/>; "Officer Knocks Out Soldier's Eye at Karabakh Military Post: Haykakan Jamanak", *Epress.am*, 16 February 2011, <http://www.epress.am/en/2011/12/16/officer-knocks-out-soldiers-eye-at-karabakh-military-post-haykakan-jamanak.html>; "Another suspicious death of an Armenian soldier reported", *Hetq.am*, 7 September 2011, <http://hetq.am/eng/news/4139/another-suspicious-death-of-anarmenian-soldier-reported.html>; "There is an atmosphere of impunity and permissiveness in the army", *Aravot.am*, 7 September 2011, <http://en.aravot.am/2011/09/07/160455/>; "14 years have passed, yet still no one responsible for the soldier's death", *Hetq.am*, 14 February 2014, <http://hetq.am/rus/news/32571/proshlo-14-let-no-za-smert-soldata-nikto-ne-pones-nakazaniya.html>.

[26] See Press release of the Ministry of Defence of Armenia of 3 December 2014, "The Defence Minister pays a visit to disabled veterans", <http://www.mil.am/1417614850/page/7>; Press release of the Ministry of Defence of Armenia of 13 November 2014, "Visit to the military hospital", <http://www.mil.am/1415868465/page/9>; Press release of the Ministry of Defence of Armenia of 31 May 2014, "The ARM Defence Minister's visit to the Central Clinical Military Hospital", <http://www.mil.am/1401544524/page/15>.

[27] See "Armenian Defence Minister: Our soldiers have pushed away the enemy in an unequal battle", *News.am*, 22 March 2015, <http://news.am/rus/news/258276.html>.

military units deployed in the occupied territories.[28] The Chief Military Office of the Bureau of Criminal Investigation of Armenia initiates criminal cases concerning the death of Armenian soldiers killed in action or in non-combat circumstances in the occupied territories in accordance with the Criminal Code of the Republic of Armenia.[29] The Committee dealing with Armenian prisoners of war and missing persons chaired by the Minister of Defence S.Ohanyan is in charge of repatriation of Armenian prisoners of war.[30]

58. The movement of personnel in political and military leadership echelons between Armenia and the subordinate separatist regime and reshuffling of military commanders of Armenia with the warlords of the separatist regime is another striking evidence of their integration. The most recent example is the rotation between the Deputy Chief of General Staff of the armed forces of Armenia, Levon Mnatsakanyan, and the so-called "minister of defence" of the separatist regime, Movses Akopyan, officially approved by the decree of President Serzh Sargsyan of Armenia, dated 15 June 2015.[31]

59. The European Court of Human Rights (ECHR), having examined the evidence, confirmed in its judgment on the *Chiragov and others v. Armenia* case that "the Republic of Armenia, through its military presence and the provision of military equipment and expertise, has been significantly involved in the Nagorno-Karabakh conflict from an early date", that "[t]his military support has been – and continues to be – decisive for the conquest of and continued control over the territories in issue" and that "...the evidence ... convincingly shows that the armed

[28] See "On occasion of Army Day solemn award-giving ceremony takes place at RA Presidential Palace", *President.am*, 28 January 2015, <http://www.president.am/en/press-release/item/2015/01/28/President-Serzh-Sargsyan-decoration-ceremony-January-28/>; "Armenian President posthumously awards servicemen Karen Galstyan and Artak Sargsyan", *Panorama.am*, 26 January 2015, <http://www.panorama.am/en/society/2015/01/26/galstyan-sargsyan/>; "President awards servicemen distinguished during military exercises", *1tv.am*, 14 November 2014, <http://www.1tv.am/en/news/2014/11/14/President-awards-servicemen-distinguished-during-militaryexercises/3359>; "Armenia president awards "Karabakh war veteran", *News.am*, 22 September 2014, <http.//news.am/eng/news/230240.html>; "Killed Armenian serviceman awarded posthumously", *News.am*, 6 August 2014, <http://news.am/eng/news/222804.html>; "Serzh Sargsyan awarded Armenian servicemen on the occasion of Army Day", *Times.am*, 28 January 2014, <http://times.am/?p=37642&l=en>; "President Serzh Sargsyan awarded a group of servicemen and "freedom fighters", *Armenpress.am*, 25 January 2013, <http://armenpress.am/eng/news/706172/>; "A group of servicemen and freedom fighters were awarded by President Serzh Sargsyan with the awards of the Republic of Armenia", *Lurer.com*, 27 January 2012, <http://lurer.com/?p=10240&l=en>.

[29] See "A criminal case was initiated on the death of two servicemen in NKR", *News.am*, 1 March 2015, <http://news.am/rus/ news/254900.html>; "Mil. Prosecutor visits Karabakh to supervise probe into soldier's death", *Tert.am*, 30 August 2011, <http://www.tert.am/en/news/2011/08/30/kostanyan/338324>.

[30] See Press release of the Ministry of Defence of the Republic of Armenia of 18 December 2014, "This year's final stage of annual meetings of the panel dealing with Armenian prisoners of war, hostages and missing people", <http://www.mil.am/14189 11394/page/6>.

[31] See "Karabakh Defence Minister gets office in capital Yerevan", *News.am*, 15 June 2015, <http://news.am/eng/news/271978 .html>; "Levon Mnatsakanyan appointed Defence Minister of Artsakh", *Mediamax.am*, 17 June 2015, <http://www.mediamax.am/en/news/karabakh/14532/>.

forces of Armenia and the "NKR" are highly integrated".[32] Based on the evidence testifying to the political, financial and other dependence of the separatist entity from Armenia, the ECHR concluded that:

> ... the Republic of Armenia, from the early days of the Nagorno-Karabakh conflict, has had a significant and decisive influence over the "NKR", that the two entities are highly integrated in virtually all important matters and that this situation persists to this day" and that "the "NKR" and its administration survives by virtue of the military, political, financial and other support given to it by Armenia which, consequently, exercises effective control over Nagorno-Karabakh and the surrounding territories, including the district of Lachin.[33]

2. Continued attempts of Armenia to incorporate the occupied territories into its economic space

60. Continued efforts are being made by Armenia towards incorporating the occupied territories into its socioeconomic space and its customs territory, in violation of its international obligations, including those assumed within WTO.[34] The occupied territories of Azerbaijan are alleged by the Armenian side to be in a common customs zone with Armenia. Imports to these territories are regulated according to the Customs Code of the Republic of Armenia.[35] Azerbaijan's customs checkpoints along the occupied section of the international border between Armenia and Azerbaijan are destroyed. Despite Armenia's commitment not to extend the would-be trade preferentials to the occupied territories of Azerbaijan within the context of Armenia's accession to the Eurasian Economic Union (EEU), declarations by Armenian officials that no customs checkpoints will separate the occupied territories from Armenia testify to its attempts to incorporate those areas into its customs territory.[36] Prime Minister of Armenia, Hovik Abrahamyan, is quoted to have said that "Armenia will continue to form a single economic territory with Nagorno-Karabakh even after joining the Russian-led Customs Union. We will remain a single territory, and I believe there can be no other formulations on this issue."[37]

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[32] *Chiragov and others v. Armenia*, Grand Chamber of the European Court of Human Rights, Judgment (Merits) of 16 June 2015, Application no. 13216/05, available at <http://hudoc.echr.coe.int/eng?i=001-155353>, para. 180.

[33] *Ibid.*, para. 186.

[34] During the WTO accession process, the Republic of Armenia reaffirmed that its obligations under WTO Agreements and the provisions of these Agreements shall only apply to the territory of the Republic of Armenia as recognized by the United Nations. See WTO Doc. WT/ACC/ARM/22, 22 November 2002.

[35] See "Doing Business in Karabakh", Guide prepared by "Grant Thornton Amyot CJSC" (2003).

[36] "Armenian Deputy Foreign Minister excludes possibility of putting border checkpoints between Artsakh and Armenia", *Armenpress.am*, 5 May 2013, <http://armenpress.am/eng/news/731897/zamministra-id-armenii-isklyuchaet-vozmozhnost-vnedreniya.html>; "No customs checkpoint will separate Armenia from Nagorno-Karabakh, says premier", *Tert.am*, 2 October 2014, <http://www.tert.am/en/news/2014/10/02/arayik-harutyunian/1207158>.

[37] See "Armenia, Karabakh to Remain Single Territory", *Azatutyun.am*, 16 May 2014, <http://www.azatutyun.am/articleprintview/25387895.html>.

61. Agents of the subordinate separatist regime also allege that they are in the "same social-economic field" with Armenia and that once the trade regime of the EEU becomes operational, the produce from the occupied territory will reach freely the markets of the Union. The so-called "deputy prime minister" of the separatist regime Arthur Aghabegyan submitted that since Armenia and so-called "Artsakh" are in a "common economic zone", membership in the EEU would not alter or change the economic structure of the "Nagorno-Karabakh Republic".[38] The so-called "prime minister" of the subordinate separatist regime Araik Arutyunyan is quoted to have said that:

> Speaking of the Republic of Armenia's accession to the EAEU [Eurasian Economic Union] and its influence on the NKR, it is necessary to take into consideration one important fact. It is that Armenia and the NKR have identical economic system, and any influence would have the same effect on both republics. I see the main perspective in the opening up of a huge market, which would allow us to both export goods from Artsakh, and import goods from the EAEU on more favourable conditions.[39]

62. Extending trade preferentials to the occupied territories is one of the major incentives of the government of Armenia to sustain the illegal economic activities in those territories and facilitate exports of the settlement produce to international markets.

63. Armenia applies its standards to the occupied territories. So-called "director" of the "centre of standardization, metrology, and certification" of the subordinate separatist regime, Sergey Harutyunyan, confirmed that "...we cannot have national standards, so we apply the standards of the Republic of Armenia. The measuring means used in Armenia are the standard for us, or our measurement tools are tested and certified in Armenia".[40]

3. The subordinate separatist regime in the occupied territories is highly dependent on external financial support, primarily from Armenia, but also from the Armenian diaspora worldwide

64. The subordinate separatist regime in absolute terms is receiving increasing external support. Armenia provides more than half of "budgetary" spending of the subordinate separatist regime through loans and grants from its State budget. That financial support, which amounts to a State policy, is critical in subsidizing settlements and sponsoring illegal economic activities in the occupied territories.

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[38] See "Calif. Armenian Business Leaders Explore Investment Opportunities in Artsakh", *Asbarez.com*, 9 July 2014, <http://asbarez.com/124804/calif-armenian-business-leaders-explore-investment-opportunities-in-artsakh/>.

[39] See "'Our main objective is providing for a fast-paced economic development of the country', – Prime-Minister of NKR and leader of the 'Free Motherland party'", *Artsakhpress.am*, 30 April 2015, <http://artsakhpress.am/rus/news/18163/osnovnoiy-nasheiyzadacheiy-ostayotsya-obespechenie-biystriykh-tempov-ekonomicheskogo-razvitiya-straniy-%E2%80%93-premer-ministr-nkr-ilider- partii-svobodnaya-rodina.html> (in Russian language).

[40] See "We are Struggling against the Production of Substandard Goods", *Artsakhtert.com*, 28 March 2014, <http://www. artsakhtert.com/eng/index.php?option=com_content&view=article&id=1412:qwe-are-struggling-against-the-production-of-subst andard-goodsq&catid=6:economy&Itemid=18>.

65. Armenia is the only donor of financial and credit resources to the subordinate separatist regime. Annual subsidies from the Government of Armenia covered 52 per cent (45 billion Armenian drams) of spending of the separatist regime in 2015.[41] In addition, since 1993 Armenia has provided State loans to fund the separatist regime and the illegal activities in the occupied territories. On 16 April 2015, the Government of Armenia approved another loan of $20 million.[42] In April 2015, the Government of Armenia decided to accelerate allocation of a credit to the illegal regime. Minister of Finance of Armenia, Gagik Khachatryan, confirmed the plans of the Government to allocate 21.8 billion drams for the first six months of 2015.[43] On 18 August 2015, the Government of Armenia adopted a decision to provide the separatist regime a budget loan of 9 billion 600 million drams from the stabilization deposit account, which was reportedly disbursed in the 3rd quarter of 2015. Deputy Minister of Finance of Armenia, Armen Alaverdyan, informed that the loan would be secured with an annual interest rate of 8.5 per cent until 10 September 2020.[44]

66. Substantial economic assistance has been provided by the Hayastan All-Armenian Fund. This organisation is controlled by Armenia's political leadership[45] and is subordinated to Armenia's authorities and typifies the political and economic symbiosis between Armenia and the subordinate separatist regime in the occupied territories of Azerbaijan. Even Armenian observers note that "[a]s a result of the Fund's growing subordination to the authorities, funding of projects by diaspora Armenians became more and more dependent on the political decisions made by the country's president".[46] Armenians from Armenia and those residing in the occupied territories amount to around 40 per cent of all the benefactors of the Fund. The method of mandatory donation has been widely exercised to collect money from the public employees in Armenia. The authorities are reportedly forcing people to donate money or arbitrarily deduct donations from the salaries of the employees.[47] Such a method of collecting financial resources for the Fund is believed to be nothing other than an attempt to whitewash corrupt practices in the

[41] See "Within the 2015 State budget, Armenia will provide Karabakh with 45 bln AMD", *Aysor.am*, 28 October 2014, <http://www.aysor.am/ru/news/2014/10/28/hovik-abrahamyan/863269>; "Strong Economic Growth Reported in "Artsakh", *Asbarez.com*, 26 December 2014, <http://asbarez.com/130231/strong-economic-growth-reported-in-artsakh/>.

[42] See "Armenia to provide loan to Karabakh", *News.am*, 16 April 2015, <http://www.news.am/rus/news/262261.html>.

[43] See "Armenian government will accelerate providing funds to Karabakh", *News.am*, 2 April 2015, <http://www.news.am/ eng/news/260124.html>

[44] See "Armenian Government adopts decision of providing budget loan to Karabakh Republic", *Artsakhpress.am*, 18 August 2015, <http://artsakhpress.am/eng/news/24292/armenian-government-adopts-decision-of-providing-budget-loan-to-karabakh-republic.html>.

[45] The Hayastan All-Armenian Fund was founded by the Decree of the President of Armenia in 1992. Under the Fund's Charter, the President of Armenia is the President of the Fund's Board of Trustees. All Fund-financed projects are approved, hence directed and controlled by the Government of Armenia.

[46] See Ara K. Manoogian, "To Donate or Not to Donate: A White Paper on Hayastan All-Armenian Fund" (Shahan Natalie Family Foundation Inc., November 2013), <http://www.thetruthmustbetold.com/wp-content/uploads/haaf-eng.pdf>.

[47] *Ibid.*

Fund by showing to the diaspora its "popularity" within Armenia and thus encouraging more donations from abroad (see below).[48]

67. Actual spending of Armenia to sustain the subordinate separatist regime and the illegal activities in the occupied territories is considerably higher and includes the budgets of various ministries and approved joint action plans with the subordinate separatist regime to provide technical support and other expertise to implement projects in those territories. Armenia is also funding military training in Armenia and abroad for the servicemen of the armed formations of the subordinate separatist regime.

68. A substantial part of the funding for illegal activities derives from Armenian diaspora organizations, private investors, mostly of Armenian origin and from charity non-profit organizations, such as the US-based Cherchian Family Foundation, Armenian General Benevolent Union (AGBU), Tufenkian Foundation, Gerald Turpanjian Educational Foundation, Cafesjian Family Foundation, Lincy Foundation, Shahan Natalie Family Foundation Inc., Armenian Cultural Association of America, Inc. and others, which benefit from their tax-exempt status in host countries and are directly involved in channelling large amounts into settlements and other illegal activities throughout the occupied territories and play a major role in enabling and facilitating the occupation, either directly or indirectly, at the instruction or encouragement of Armenia.[49] For example, US-based Armenian National Committee of America (ANCA) and Armenian Assembly of America (AAA) have long been petitioning the United States Congress and Administration to provide funding for the "developmental aid to Nagorno-Karabakh".[50]

69. In November 2014, "Artsakh Fund" of the Armenian Cultural Association of America held a kick-off reception in New York (USA) to announce its expansion plans for the "Arajamugh" settlement in the occupied Jabrayil district of Azerbaijan.[51] This settlement was created in 2004-2006 by Tufenkian Foundation, in conjunction with the so-called "NKR department of resettlement and refugee affairs". As of 2014, the village had 19 houses and 85 settlers. "Artsakh Fund" chairman Alex Sarafyan informed the participants about the plans to expand the village to 50 houses, as well as associated facilities, including a clinic and community centre. Sarafyan also announced that over $90,000 in donations and pledges have already been secured toward this effort. According to him, the goal of this phase is $250,000, which would cover the construction in 2015 of approximately 10 new houses in the village. On 13 September 2015, a reception and presentation took place in the home of Harry and

[48] *Ibid.*

[49] See e.g. "The Vice Premier expects new investments in Artsakh from the Diaspora's Armenian businessmen", 4 July 2014, <http://gov.nkr.am/en/official-news/item/2014/07/04/diaspora/>; "Agricultural Project Supports Syrian Armenians in Nagorno-Karabakh Republic", Armenian General Benevolent Union, 16 January 2014, <http://agbu.org/news-item/agricultural-project-supports-syrianarmenians-in-nagorno-karabakh-republic/>.

[50] See "Support Armenian American Foreign Aid Priorities", <http://cqrcengage.com/anca/app/write-a-letter?0&engagementId =84993>; Armenian Assembly of America, Fiscal Year 2016 Testimony, <http://www.aaainc.org/fileadmin/aaainc/pdf/2015/AAA_Testimony_SFOPS-FY16.pdf>.

[51] See "Artsakh Fund Raises Money for Village Expansion Project", *Armenianweekly.com*, 1 December 2014, <http://armenianweekly.com/2014/12/01/artsakh-fund-raises-money-for-village-expansion-project/#prettyPhoto>.

Katrina Glorikyan in Lexington, Massachusetts (USA), to raise money for this project. More than $25,000 were raised in support of this settlement.[52] Sarafyan, who was present at the fundraiser, is reported to have said that the goal is to turn it into a "model village for resettlement purposes".[53]

4. Attempts by Armenia to incorporate the occupied territories into its banking and financial sector

70. So-called "minister of industrial infrastructures" of the subordinate separatist regime, Hakob Ghahramanyan, admitted that the regime has no independent monetary policy and is dependent on the bank system and credit policy of Armenia.[54] The national currency of Armenia (the dram) is illegally used in the occupied territories of Azerbaijan. According to the Central Bank of Armenia (CBA), the occupied territories are "part of the economic territory of Armenia, because the dram is the legal tender there and all banking institutions operating in Karabagh are licensed and supervised by the CBA".[55]

71. CBA is directly involved in the development of the "banking system" in the occupied territories, increasing assets of banks operating there and their crediting capacity. In 2011, CBA opened its branch in the occupied town of Shusha.[56] CBA regulations are applied to the occupied territories and it exercises full control over the banking sector and financial transactions in and out of the occupied territories, including cash circulation there.[57] CBA has the authority to influence Armenian commercial banks operating in the occupied territories with a view to directing bank capital to particular areas, including the agricultural sector.[58]

72. The branches of Armenian banks operating in the occupied territories are licensed by CBA. According to the Head of Financial Monitoring Centre of CBA Daniel Azatyan, all financial entities operating in those territories, including the branches of Armenian financial institutions, submit reports on their activities to CBA.[59] The so-called "NKR office in the USA" admitted that "all financial

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[52] See "Artsakh Fund Holds Fundraiser For Arajamugh Village", *Tufenkianfoundation.org*, 2 October 2015, <http://www. tufenkianfoundation.org/?laid=1&com=module&module=static&id=428>.

[53] *Ibid.*

[54] See "Programmed Solutions to the Problems", *Artsakhtert.com*, 24 October 2013, <http://artsakhtert.com/eng/indexphp? option=com_content&view=article&id=1247:-programmed-solutions-to-the-problems&catid=6:economy&Itemid=18>.

[55] Excerpts from the International Monetary Fund Country Report No. 09/50 (2009) "Republic of Armenia: Report on the Observance of Standards and Codes–Data Module, Response by the Authorities, and Detailed Assessment Using the Data Quality Assessment Framework (DQAF)", <http://www.imf.org/external/pubs/ft/scr/2009/cr0950.pdf>.

[56] See "Armenia-Karabakh: Two Armenian states discuss common programs for closer cooperation, *ArmeniaNow.com*, 1 April 2011, <http://www.armenianow.com/karabakh/28709/armenia_karabakh_bank_sector_programs>; "Shushi's Investment Guide", <http://ruralarmenia.org/content/investment-guide>.

[57] See "Doing Business in Karabakh", Guide prepared by "Grant Thornton Amyot CJSC" (2003).

[58] See "Armenia-Karabakh: Two Armenian states discuss common programs for closer cooperation", *ArmeniaNow.com*, 1 April 2011, <http://www.armenianow.com/karabakh/28709/armenia_karabakh_bank_sector_programs>.

[59] See "Central Bank of Armenia: No Money Laundering Case Recorded in Nagorno-Karabakh", *Arka.am*, 27 August 2008, <http://arka.am/en/news/economy/10838/>.

transactions are subject to laws and regulations common to both Armenia and NKR" and that "[t]his relationship implies that Armenia's macroeconomic stability is also reflected in the NKR".[60] According to the Armenian media, "the presence of a state bank of one country in another may mean a complete financial "miatsum" (unification)".[61]

73. The Government of Armenia encourages its commercial banks to open branches in the occupied territories. Eight Armenian banks, namely, "Artsakhbank", Converse Bank, Ardshininvestbank, Armbusinessbank, Armeconombank, Araratbank, Unibank and Ameriabank are operating there.[62] As of January 2012, Armenian banks operated 18 branches.[63] The biggest number of branches of Armenian banks in the occupied territories is opened by Ardshininvestbank and Armbusinessbank – six branches each.[64] Banks are generally active in money transfer services to/from the occupied territories directly (bank-to-bank) and indirectly through money transfer systems, or specialized Money Transfer Operators (MTO),[65] including Anelik CJSC (Russia),[66] Unistrim ASC KB (Russia),[67] Moneygram International Inc. (USA),[68] Quick Post CJSC, and Swift system.[69] There are reports that several foreign banks and entities, including Areximbank-Gazprombank Group CJSC (Russia), Sberbank (Russia), Promsvyazbank OJSC (Russia), Deutche Bank Trust Company Americas (USA), Deutche Bank AG (Germany), Commerzbank AG (Germany), Forabank AKB (Russia), Citi Bank (USA), Raiffeisen Zentral Bank (Austria), Dresdner Bank (Germany), UBS Bank (Switzerland) and Mellat Bank (Iran) provide monetary transfers to the occupied territories via Armenian banks operating in those territories and having correspondent accounts with those foreign entities.[70] In 2005, CBA granted to Haypost CJSC – a national postal operator of Armenia – a license for the implementation of money transfers systems. Since then Haypost CJSC has been carrying out money transfers to/from the occupied territories.[71]

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[60] See "10 Reasons to Invest in NKR", <http://www.nkrusa.org/business_economy/ten_reasons.shtml>.

[61] See "Armenia-Karabakh: Two Armenian states discuss common programs for closer cooperation", *Armenianow.com*, 1 April 2011, <http://www.armenianow.com/karabakh/28709/armenia_karabakh_bank_sector_programs>.

[62] See "Central Bank of Armenia chair hails Karabakh's banking system", *PanARMENIAN.Net*, 9 September 2013, <http://www. panarmenian.net/eng/news/169761/>.

[63] See "Converse Bank opens its first branch in Stepanakert", *ArmInfo.am*, 28 February 2012, <http://armenia-business.ru/view-langeng-newsarticle-16589.html>.

[64] *Ibid.*

[65] See "Remittances in the Cis Countries: A Study Of Selected Corridors", World Bank Report, July 2007, <http://siteresources. worldbank.org/ ECAEXT/Resources/FINAL_RemittancesStudy_July23.pdf>.

[66] See <http://www.artsakhbank.com/en/our-services/retail/anelik_individuals.html>.

[67] See <http://www.artsakhbank.com/en/our-services/retail/unistream_individuals>.

[68] See <http://www.artsakhbank.com/en/our-services/retail/money-gram_individuals>.

[69] See <http://www.artsakhbank.com/en/our-services/retail/swift_individuals>.

[70] See "Artsakhbank CJSC", <http://old.aec.am/-lg=en&page=company&id=78&cid=11&scid=29.htm>; <http://www. stepanakert-church.org>.

[71] "Converse Transfer Express Money Transfers", <https://www.haypost.am/en/1418203317>.

74. "Artsakhbank CJSC", established in February 1996 with License No. 75 from CBA[72] with the head office in Yerevan (Armenia)[73], provides banking services to the structures of the separatist regime.[74] As of August 2015, the bank had 22 branches, 7 of which are located in Yerevan and 15 throughout the occupied territories. The bank is a shareholder in the Armenian Card CJSC, and a full member of Armenia's "ArCa" payment system. The bank is a member of SWIFT International (since 2003) and affiliate member of Europay/Mastercard International payment system (since 2005). The biggest shareholders of the bank are foreign individuals. The bank's shares are owned by Armenia registered Business Fund of Armenia CJSC (40.7 per cent)[75], a Swiss national Vartan Sirmakes (25.6 per cent) and Hrach Kaprielyan (USA) (23.2 per cent), who is the chairman of the bank's Executive Board. To note, Vartan Sirmakes is Business Fund of Armenia's 100 per cent shareholder and a board member, which means that he owns in total some 66.3 per cent of shares in "Artsakhbank".[76] Kaprielyan's deputy, Ashot Arshak Gomtsyan, and all members of the bank's Executive Board are citizens of Armenia.[77] In March 2015, "Artsakhbank's" authorized capital has increased by 4.5 billion drams to 11 billion drams due to acquisition of shares by the Business Fund of Armenia.[78]

75. Several insurance companies (Nairy Insurance LLC, Armenia Insurance LLC, Reso Insurance CJSC, Ingo Armenia Insurance CJSC, Rosgostrakh-Armenia Insurance CJSC) and appraisal companies (Akcern real estate agency, Oliver Group appraisal agency, Build Up LLC, Amintas Group LLC and Sasoun Trust LLC) are listed among the partners of "Artsakhbank".[79] Grant Thornton CJSC (member of Grant Thornton International LTD, incorporated in the UK) and KPMG Armenia CJSC (affiliated with a Swiss entity – KPMG International) provide auditing of "Artsakhbank's" activities.[80]

76. Total loan portfolio of branch offices of the Armenian commercial banks in the occupied territories stood over 89 million drams as of 1 September 2015.[81] The banks operating in the occupied territories have almost the same interest rates and payments as the banks in Armenia.[82]

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[72] See <http://www.artsakhbank.com/en/about-us/view/our-history.html>.

[73] See <http://www.artsakhbank.com/en/about-us/view/hos_branches_atms.html>.

[74] See <http://www.artsakhbank.com/en/about-us.html>.

[75] See <http://www.artsakhbank.com/en/about-us/view/significant-shareholders.html>.

[76] *Ibid.*

[77] See <http://www.artsakhbank.com/en/about-us/view/bank-management.html>.

[78] See "Artsakh bank increases its authorized capital by 4.5 billion drams", *Armbanks.am*, 5 March 2015, <http://www.armbanks.am/en/2015/03/05/85159/>.

[79] See <http://www.artsakhbank.com/en/partners>.

[80] See <http://www.artsakhbank.com/images/pdf/Reports/Independent_Audit_Report_2014_eng.pdf>; <http://www.artsakhbank.com/images/pdf/Reports/Independent_Audit_Report_eng.pdf>.

[81] See "Total credit portfolio of Armenian banks' branches in Nagorno-Karabakh 17.3% higher from the year before", *Arka.am*, 25 September 2015, <http://arka.am/en/news/economy/total_credit_portfolio_of_armenian_banks_branches_in_nagorno_karabakh_17_3_higher_from_the_year_befo/>.

[82] See "Shushi's Investment Guide", <http://ruralarmenia.org/content/investment-guide>.

77. In 2011, with the direct role of CBA, "Bless" Armenian universal crediting organization opened its branch in the occupied territories.[83] In close cooperation with "Artsakh Investment Fund" and the "Fund to Support Agriculture", the branch offers mortgage, apartment repair, agricultural and car loans.[84] Financial Conciliator's Office of Armenia, which is mandated by CBA, is assigned to function as an arbitrary for resolving financial and property disputes between financial organizations and individual consumers in the occupied territories.[85]

5. Exploitation of Azerbaijan's fixed and cellular radio-telecommunication networks and radio frequencies

78. Armenia illegally assigns its unique numbering code +374 to the occupied territories, exploits Azerbaijan's fixed and cellular radio-telecommunication networks and radio frequencies. Furthermore, contrary to Recommendation E.212 of the International Telecommunication Union (ITU), which provides the authority to ITU to assign and reclaim MCC and MNC codes, "Karabakh Telecom CJSC" uses 283 (MCC) and 04 (MNC) codes for the occupied territories of Azerbaijan. In September 2013, "Karabakh Telecom CJSC" extended its network to the occupied Zangilan district.[86]

79. "Karabakh Telecom CJSC" was established in 2002 by Lebanese businessman Pierre Fattouche (sole shareholder) and is based on Lebanese capital.[87] In Armenia, Fattouche Group established "K-Telecom CJSC", which operates under the "Vivacell" brand. Although it is alleged that "Karabakh Telecom CJSC" and Armenia-based "K-Telecom" are "legally independent" from each other,[88] there is close integration between the two entities,[89] which is evidenced from the fact that they have a single general manager.[90] In fact, "Vivacell" is widely known among the Armenian public to be a subsidiary of "Karabakh Telecom".[91] In 2007, Russian Mobile Telesystems OJSC (MTS) acquired 80 per cent stake in International Cell

[83] See "Bless Armenian Crediting Organization Opens Branch in Stepanakert", *Armbanks.am*, 23 May 2011, <http://www.armbanks.am/en/2011/05/23/23455/>.

[84] *Ibid.*

[85] See "To Have Financially Educated and Protected Consumers at the Market", *Artsakhtert.com*, 6 July 2012, <http://www.artsakhtert.com/eng/index.php?option=com_content&view=article&id=753:-to-have-financially-educated-and-protected-consumers-at-the-market&catid=6:economy&Itemid=18>.

[86] See "Karabakh Telecom" press release (26 September 2013): "The launch of Wireless Land Line (WLL) telephone and Internet servicein Kovsakan Town", <http://kt.am/en/news/news/the-launch-of-wireless-land-line-wll-telephone-and-internet-service-in-kovsakantown/22/#.VSq14YHXerU>.

[87] See <http://www.karabakhtelecom.com/en/our-chairman/29/#.VcsdFvnd_gY>.

[88] "VivaCell's Yerikian Discusses Karabakh Telecom, Expanding Market in Armenia", *Asbarez.com*, 12 December 2008, <http://asbarez.com/59742/vivacells-yerikian-discusses-karabakh-telecom-expanding-market-in-armenia/>.

[89] "Corporate Commitment: Vivacell Gm Is A Change Factor In Armenian Business World", *AGBU.org*, 1 November 2010, <http://agbu.org/news-item/corporate-commitment-vivacell-gm-is-a-change-factor-in-armenian-business-world/>; "K-Telecom expands mobile network from Stepanakert to Armenia, paper says", *TeleGeography.com*, 25 June 2015, <https://www.telegeography.com/products/commsupdate/articles/2015/06/25/k-telecom-expands-mobile-network-from-stepanakert-to-armenia-paper-says/>.

[90] *Ibid.*

[91] See "Who Robs Karabakh", 13 July 2010, <http://www.lragir.am/index/eng/0/country/view/18544>.

Holding Ltd., 100 per cent indirect owner of "K-Telecom CJSC".[92] Fattouche Investment Group has a call option on the remaining 20 per cent, which it has not exercised as of mid-2015.[93]

80. In January 2015, Director-General of "Karabakh Telecom CJSC", Karekin Odabashyan, informed about connection in 2014 of the occupied town of Shusha to fibre-optic network and presented it as a major achievement in IT sector. He is quoted to have said that "[w]e plan to organize a holistic mobile communication works to connect the second highway – Martakert-Vardenis road, which serves as a link between two armenian republics to mobile communication".[94] In his words, "provision of a telecommunications network will contribute to the comprehensive development of areas adjacent to regions' roads, to ensure growth in the social, economic, cultural and other fields." Odabashyan further noted that:

> Undoubtedly, Armenia and Artsakh – is one homeland, but also – two independent states. In my opinion, the most important achievement in the modern history of the Armenian nation is the creation of the second independent Armenian state. And we are proud of this achievement. Since Armenia and Artsakh are individual states, according to the requirements of the International Association of Mobile Communication and conditions of permission, the subscribers who use the services of existing operators in the same area, continue to stay in touch on the other territories only through international roaming. These are stable rules in the international telecommunications. Therefore, currently roaming cannot be eradicated. However, we have been constantly working towards reducing roaming tariffs.[95]

81. K.Odabashyan also informed that in 2014 "Karabakh Telecom CJSC" assisted in the amount of one billion drams to various fields, including health, education, construction of churches, security forces, as well as the "national lottery of Artsakh" and other initiatives aimed at promoting the process of "settlement of Artsakh".[96] In

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[92] See "MTS enters Armenia", 14 September 2007, <http://www.mtsgsm.com/news/2007-09-14-26533/>.

[93] See "K-Telecom expands mobile network from Stepanakert to Armenia, paper says", *TeleGeography.com*, 25 June 2015, <https://www.telegeography.com/products/commsupdate/articles/2015/06/25/k-telecom-expands-mobile-network-from-stepanak ert-toarmenia-paper-says/>.

[94] See "Karekin Odabashian: "Viable are those enterprises, which constantly improve themselves and form expectations of self-improvement", *Artsakhpress.am*, 28 January 2015, <http://artsakhpress.am/eng/news/11284/karekin-odabashian-viable-arethose-enterprises-which-constantly-improve-themselves-and-form-expectations-of-self-improvement.html>; "Karabakh Telecom subscribers to pay 45 drams per minute for calling in Armenia through ArmenTel as from January", *Arka.am*, 28 November 2014, <http://telecom.arka.am/en/news/telecom/karabakh_telecom_subscribers_to_pay_45_drams_per_minute_for_calling_in_armeni_through_armentel_as_f/>.

[95] *Ibid.*

[96] See "Karekin Odabashian: "Viable are those enterprises, which constantly improve themselves and form expectations of self-improvement", *Artsakhpress.am*, 28 January 2015, <http://artsakhpress.am/eng/news/11284/karekin-odabashian-viable-arethose-enterprises-which-constantly-improve-themselves-and-form-expectations-of-self-improvement.html>; "Karabakh Telecom subscribers to pay 45 drams per minute for calling in Armenia through ArmenTel as from January", *Arka.am*, 28 November 2014, <http://telecom.arka.am/en/news/telecom/karabakh_telecom_subscribers_to_pay_45_drams_per_minute_for_calling_in_armeni_through_armentel_as_f/>.

June 2015, "Karabakh Telecom CJSC" reportedly extended its mobile network from the occupied Khankandi to Armenia.[97]

82. Armenia's mobile operators, such as Armentel (a subsidiary of the Russian Vimpelcom under the "Beeline" brand), Viva Cell MTS, and Orange Armenia, a subsidiary of Orange Group of France,[98] provide roaming services with reduced rates to "Karabakh Telecom CJSC".[99] There are a number of other international IT service providers that have illegal roaming relations with or facilitate operations of "Karabakh Telecom CJSC". Among them are Movisar (Argentina),[100] Zain Bahrain (Bahrain),[101] Etisalat (UAE),[102] Netmechanica (USA),[103] Alcatel-Lucent (France-USA), Comfone (Switzerland), Mobile Telesystems OJSC (Russia) and some others.

6. Attempted inclusion of the occupied territories into Armenia's energy system

83. Armenia's natural gas supplier and distributor, Gazprom Armenia[104], includes the occupied territories into its gas distribution network.[105] Armenia's Minister of Energy and Natural Resources, Armen Movsisyan, said that "Nagorno-Karabakh has so far been viewed as a subscriber to ArmRusGasprom and will retain this status" and that "there can be no gas supply problem".[106] In 2011, the management of the two energy producing enterprises – "Artsakhgas" and "Artsakhenergo", set up in the occupied territories, were placed under the control of Armenia registered AEG

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[97] See "K-Telecom expands mobile network from Stepanakert to Armenia, paper says", *TeleGeography.com*, 25 June 2015, <https://www.telegeography.com/products/commsupdate/articles/2015/06/25/k-telecom-expands-mobile-network-from-stepanakert-toarmenia-paper-says/>.

[98] See "From now on Orange customers will make and receive calls in Artsakh at only 45 dram/minrate", *Orange.am*, 4 March 2015, <http://www.orangearmenia.am/en/about-orange-armenia/news/nkr-45-amd-minute/>.

[99] See "Karekin Odabashian: "Viable are those enterprises, which constantly improve themselves and form expectations of self-improvement",*Artsakhpress.am*, 28 January 2015, <http://artsakhpress.am/eng/news/11284/karekin-odabashian-viable-arethose-enterprises-which-constantly-improve-themselves-and-form-expectations-of-self-improvement.html>; "Karabakh Telecom subscribers to pay 45 drams per minute for calling in Armenia through ArmenTel as from January", *Arka.am*, 28 November 2014, <http://telecom.arka.am/en/news/telecom/karabakh_telecom_subscribers_to_pay_45_drams_per_minute_for_calling_in_armenia_through_armentel_as_f/>.

[100] See <http://www.movistar.com.ar/cgibin/sac/roaming_gsm.pl?modo=brooperporpais&pais=Armenian&continente=Asia&oper ador=Vivacell+%28Karabakh+Telecom%29>.

[101] See <http://www.bh.zain.com/en/business/roaming/roaming-partners>.

[102] See <http://www.etisalat.ae/ar/roaminglist.pdf>.

[103] See <http://www.netmechanica.com/company/customers>.

[104] After acquisition of ArmRusgasprom CJSC's 100 per cent shares by Russia-based Gazprom in January 2014, this entity was renamed into Gazprom Armenia.

[105] See "Member of Parliament initiated collecting signatures to lower prices in Artsakh gas stations", *Hetq.am*, 13 February 2014, <http://hetq.am/rus/news/32527/deputat-iniciiroval-sbor-podpiseiy-s-celyu-snizheniyastoimosti-gaza-na-arcakhskikh-agzs. html>; "MP Criticizes Government for Non-Transparency on Russian Gas Treaty", *Hetq.am*, 20 December 2013, <http://hetq.am/eng/news/31515/mpcriticizes-government-for-non-transparency-on-russian-gas-treaty.html>.

[106] See "Nagorno-Karabakh not mentioned in agreement with Gazprom, minister admits", *Tert.am*, 20 December 2013, <http://www.tert.am/en/news/2013/12/20/gharabagh-gaz/955878>.

Company, which was tasked to integrate the energy supply system in those territories with that of Armenia.[107]

84. According to "ArtsakhHEK OJSC", a power generation company, operating in the occupied territories of Azerbaijan, "NKR electro energy system is connected with Armenia via 110 km electric wires connecting Shinuhayr, Armenia with Stepanakert, NKR". The company confirmed that "NKR electro energy system is a part of corresponding system of Armenia, taking into consideration the fact that daily volume of electricity production is regulated from Armenia".[108] The company also confirms that additional volumes of electricity are imported to Armenia and that "[t]he electricity distribution network is interconnected with that of the Republic of Armenia and constitutes a part of a whole, and on general, the volume of production, export and import is, to some extent, dependant to the demand and supply on electricity in Armenia."[109]

7. Close political links between Armenia and the subordinate separatist regime reach the highest level

85. There is a pattern of close political links at all levels between Armenia and its subordinate separatist regime in the occupied territories of Azerbaijan. In addition to the senior command posts in the armed forces, this also involves both the political and social strata. The existence of close and persistent political, social and other links is apparent from a series of events in the public domain.[110] The ministries and government bodies of Armenia hold joint sessions in the occupied territories with agents of the subordinate separatist regime. High-ranking officials of the Government of Armenia, including the ministers of finance, foreign affairs, emergency situations, education, culture, labour and social affairs, transport and communication, energy and natural resources, and territorial administration, as well as the chair of the State Water Management Committee, members of the Public Services Regulatory Commission and the State Commission on Defending Economic Competition, members and chairs of the Standing Committees of the National Assembly of Armenia the Attorney-General of the Republic of Armenia, rectors of Armenian universities, the Chairman of the National Commission on Television and Radio of the Republic of Armenia, the President of the Armenian National Academy of Sciences and heads of the law enforcement agencies, regularly visit the occupied territories and engage in joint planning, development of collaboration and coordination of activities in the relevant spheres.[111] Registration

[107] See "We'll not have to wait four years for the results Assures Director General of AEG Company Levon Mnatsakanian", *Artsakhtert.com*, 25 April 2011, <http://www.artsakhtert.com/eng/index.php?option=com_content&view=article&id=161:well-not-have-to-waitfour-years-for-the-results-assures-director-general-of-aeg-company-levon-mnatsakanian>.

[108] See Initial Public Offering Prospectus of ArtsakhHEK OJSC, *Armswissbank.am*, 18 April 2009, p. 26, <http://www. armswissbank.am/upload/Azdagir_AHEK_eng.pdf>.

[109] *Ibid.*, pp. 27, 30.

[110] See "How Else Would They Raise a Hand Against Army?", *Lragir.am*, 7 August 2015, <http://www.lragir.am/index/eng/0/ comments/view/34497>.

[111] See "Karabakh president receives Armenia education minister", *News.am*, 23 March 2015, <http://news.am/eng/ news/258326.html>; "NKR Foreign Minister Received Delegates of the EU-Armenia Parliamentary Cooperation Committee of the RA National Assembly", *Artsakhtert.com*, 13 March 2015, <http://artsakhtert.com/eng/index.php?option=com_content&view=article&id=1727:-nkr-foreignminister-received-delegates-of-the-eu-armenia-

of former so-called "foreign minister" of the subordinate regime Arman Melikyan as a candidate in the presidential elections in Armenia, held in 2013, is yet another evidence of attempts by Armenia to incorporate the occupied territories into its political system.[112] As is well-known, the former and incumbent Presidents of Armenia also came from within the ranks of the subordinate separatist regime.

86. As will be demonstrated below, close coordination and collaboration between the government bodies of Armenia and the structures of the subordinate separatist regime that Armenia established in the occupied territories, indicate full knowledge of Armenia's authorities at all levels, including the President, Prime-Minister and government ministers, of the involvement of Armenian and foreign natural and legal persons in the unlawful activities in the occupied territories. Those activities are either tacitly or on many occasions openly supported and encouraged by Armenia.

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parliamentary-cooperation-committee-of-the-ra-nat ional-assembly&catid=11:official&Itemid=23>; "Karabakh President hosts Armenia's Minister of labor and social affairs", *Armenpress.am*, 12 March 2015, <http://armenpress.am/eng/news/797437/karabakh-president-hosts-armenias-minister-of-labor-and-social-affairs.html>; "On 28 February President Bako Sahakyan received attorney-general of the Republic of Armenia Gevorg Kostanyan and deputy attorney-general Emil Babayan", *Artsakhtert.com*, 2 March 2015, <http://artsakhtert.com/eng/index.php?option=com_content&view=article&id=1717:-on-28-february-president-bako-sahakyan-received-attorney-general-of-the-republic-of-armenia-gevorg-kostanyan-and-deputyattorney-general-emilbabayan&catid=11:offi cial&Itemid=23>; "On 24 February Artsakh Republic President Bako Sahakyan received RA minister of territorial administration and emergency situations Armen Yeritsyan", *Artsakhtert.com*, 25 February 2015, <http://artsakhtert.com/eng/index.php?option=com_content&view=article&id=1711:-on-24-february-artsakh-republic-presidentbako-sahakyan-received-ra-minister-of-territori al-administration-and-emergency-situations-armen-yeritsyan&catid=11:officiall&Itemid=23>; "Prime Minister received the RA Minister of Agriculture", *Gov.nkr.am*, 7 November 2014, <http://gov.nkr.am/en/official-news/item/2014/11/07/sergo/>; "On 20 June Artsakh Republic President Bako Sahakyan received the delegation of the Republic of Armenia public prosecutor's office, headed by the attorney general Gevorg Kostanyan", *Artsakhtert.com*, 20 June 2014, <http://artsakhtert.com/eng/index.php?option =com_content&view=article&id=1485:-on-20-june-artsakh-republic-president-bakosahakyan-received-the-delegation-of-the-rep ublic-of-armenia-public-prosecutors-office-headed-by-the-attorney-general-gevorgkostanyan&catid=11:official&Itemid=23>; "On 18 March President of the Artsakh Republic Bako Sahakyan received minister of emergency situations of the Republic of Armenia Armen Yeritsyan", *Artsakhtert.com*, 18 March 2014, <http://artsakhtert.com/eng/index.php?option=com_content&view =article&id=1400:-on-18-march-president-of-the-artsakh -republic-bako-sahakyan-receivedminister-of-emergency-situations-of-the-republic-of-armenia-armen-yeritsyan&catid=11:official&Itemid=23>; "On 21 December Artsakh Republic President Bako Sahakyan received head of the Police of the Republic of Armenia Vladimir Gasparyan", *Atrsakhtert.com*, 21 May 2013, <http://artsakhtert.com/eng/index.php?option=com_content&view=article&id=1068:-on-21-december-artsakhrepublic-presidentb ako-sahakyan-received-head-of-the-police-of-the-republic-of-armenia-vladimir-gasparyan&catid=11:official&Itemid=23>.

[112] See "7 Candidates Registered to Run for RA President", *Hetq.am*, 4 January 2013, <http://hetq.am/eng/news/22016/7-candidatesregistered-to-run-for-ra-president.html>.

D. Illegal economic and other activities in the occupied territories for Armenia's own economic gain

87. The Republic of Armenia, directly by its own means and indirectly through its subordinate separatist regime and with the assistance of Armenian diaspora,[113] continues and expands the illegal economic and other activities in the occupied territories of Azerbaijan, accompanied by interference with the public and private property rights. The Government of Armenia. Armenia registered private companies and entities, as well as foreign businesses, including those run by the Armenians or based on Armenian capital, play a decisive role in funding, enabling and facilitating permanent changes in economic, demographic and cultural character in the occupied territories. These illegal economic activities are used for financing the subordinate separatist regime and for the private gain of individuals in Armenia and elsewhere and serve for sustaining the occupation of these territories by Armenia and prolonging the armed conflict.

8. Implantation of settlers from Armenia and abroad in the occupied territories

88. Over the past years, the transfer of Armenian settlers from Armenia[114] and from elsewhere into the occupied territories, including the districts adjacent to the occupied Nagorno-Karabakh region of Azerbaijan, in particular the districts of Lachyn, Kalbajar, Gubadly, Zangilan and Jabrayil, has continued with accelerated pace.[115] Settlement activities are pursued against the background of pronouncements by the Armenian officials that no one is preparing to return any of the so-called "liberated territories."[116] Bako Sahakyan, presenting himself as "president" of the so-called "NKR" – an unlawful separatist entity established by Armenia in the occupied Nagorno-Karabakh region of Azerbaijan, openly asserts that "[w]e only yearn to eventually unite with Armenia" and that "[w]e live with that longing".[117] The so-called "spokesperson" of the subordinate separatist regime, David Babayan, is quoted to have said that "[...] the return of territories is impossible [...]".[118]

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[113] See "Possibilities are Much More than the Used Resources", *Theanalyticon.com*, September 2011, <http://theanalyticon.com/?p=943&lang=en>.

[114] See "Repopulation is An Essential Question for All Armenians", *Hetq.am*, 25 June 2007, <http://hetq.am/eng/news/6744/repopulationis-an-essential-question-for-all-armenians.html>; "150 Families Move to Liberated Kashatagh in 2011: Will They Stay?", *Hetq.am*, 17 August 2011, <http://hetq.am/eng/news/3641/150-families-move-to-liberated-kashatagh-in-2011-will-they-stay.html>.

[115] See UN Docs. A/64/760-S/2010/211, 28 April 2010, and A/67/952-S/2013/478, 13 August 2013.

[116] See "Artskah Prime Minister: Kashatagh an Inseparable Part of the Country", *Hetq.am*, 7 November 2012, <http://hetq.am/eng/news/20310/artskah-prime-minister-kashatagh-an-inseparable-part-of-the-country.html>.

[117] See "Bako Sahakyan: We only yearn to eventually unite with Armenia", *Prensaarmenia.com.ar*, April 2015, <http://www.prensaarmenia.com.ar/2015/04/bako-sahakyan-we-only-yearn-to.html?m=1>.

[118] See "Return of Territories to Azerbaijan 'Impossible' Says Artsakh Spokesperson", *Asbarez.com*, 15 July 2015, <http://asbarez.com/137745/return-of-territories-to-azerbaijan-impossible-says-artsakh-spokesperson/>.

89. Settlement activities in the occupied territories are carried out in a pre-planned and organized manner with clearly defined objective and geographic focus.[119] According to so-called "deputy prime minister" of the subordinate separatist regime, Artur Agabekyan, "[s]ettlement programs is a priority for the NKR Government".[120] He confirmed that residents from Armenia are brought to settle in the occupied territories, calling this process not a "repopulation", "but just a settlement".[121] Armenia, in particular through its Ministry of Diaspora[122] and other State organs, political structures, charity organizations and the subordinate separatist regime in the occupied territories, is directly involved in the settlement activities. Armenia-controlled Hayastan All-Armenian Fund designed a special "Re-population of the villages of Artsakh" project.

90. A. Agabekyan alleged that limited resources prevent carrying out a wide-scale resettlement. According to him, there are villages with 50 residents, which are a heavy burden, and it is not economically feasible to carry out "social programs" there. On the contrary, he continued, there are many villages in "Kashatagh",[123] "Hadrut",[124] "Karvachar",[125] where the number of residents reaches 1,000 and resettlement in those villages is justified.[126] Settlement activities and building permanent social and economic infrastructure in support of illegal settlement enterprise is carried out in pre-identified village clusters comprising of several villages in the so-called "strategic areas", including those depopulated of their Azerbaijani inhabitants,[127] to facilitate their further repopulation with the ultimate goal of preventing the return of the Azerbaijani population to their homes, creating a new demographic situation on the ground and imposing a *fait-accompli*.

[119] See "Repopulation is An Essential Question for All Armenians", *Hetq.am*, 25 June 2007, <http://hetq.am/eng/news/6744/repopulationis-an-essential-question-for-all-armenians.html>; "Artsakh Prime Minister on Working Visit to Lebanon", *Hetq.am*, 2 March 2011, <http://hetq.am/eng/news/50637/artsakh-prime-minister-on-working-visit-to-lebanon.html>.

[120] See "The NKR Government to allocate 350 million Drams for settlement programs", *Artsakhpress.am*, 19 February 2015, <http://artsakhpress.am/rus/news/12713/pravitelstvo-nkr-predostavit-350-mln-dramov-na-programmiy-zaseleniya.html>.

[121] See "Deputy Prime Minister of Artsakh spoke about the resettlement of Artsakh", *Aravot.am*, 27 July 2013, <http://ru.aravot.am/2013/07/27/158401/>.

[122] See "About 30 organizations in Armenia expressed their readiness to accept Syrian Armenians for employment", *Caucasus Knot*, 30 August 2012, <http://eng.kavkaz-uzel.ru/articles/22055/>.

[123] The occupied Lachyn, Gubadly and Zangilan districts of Azerbaijan are unlawfully re-arranged by Armenia into the so-called "Kashatagh region".

[124] The occupied Jabrayil district and the occupied part of the Fuzuli district are unlawfully incorporated by Armenia into the so-called "Hadrut region".

[125] The occupied Kalbajar district is re-arranged by Armenia into the so-called "Shahumyan region". The town of Kalbajar is referred to by Armenia as "Karvachar".

[126] "Deputy Prime Minister of Artsakh spoke about the resettlement of Artsakh", *Aravot.am*, 27 July 2013, http://ru.aravot.am/2013/07/27/158401/ (in Russian language).

[127] See "Water Project, Urekan, Karotan & Vardabats Villages, NKR", *ONEArmenia.org*, September 2014, <http://www. onearmenia.org/wp-content/uploads/2014/09/Water-project.-budget-sheet.pdf>.

91. A scheme of subsidies and incentives has been put in place to encourage Armenian settlers to move to the occupied territories.[128] Various methods employed at different stages of the settlement process include the provision of subsidies that are mainly related to discounted or free utilities, free construction materials, low or no taxes, offers of employment opportunities, free provision of material support (a house/apartment, land and other assistance), and the promotion of private entrepreneurship, through one-time financial assistance per person and the provision of agricultural grants, credits, cattle etc.[129] Processing of agricultural products bought from agricultural producers in the occupied territories and their sale on the markets are free of the value added tax.[130]

92. In 2003, the "Menq Union For Farmers Mutual AID" was set up to support the so-called "Kashatagh" settlers in establishing households. Within its seven years of operation, the Union has supported the establishment of more than 50 households. Through livestock breeding projects, it has provided over 100 heads of cattle, 70 calves and bulls, and 50 pigs. The Union has also provided poultry and horses.[131] Livestock for such projects is generally provided from Armenia.[132]

93. According to the contracts signed with Armenian settlers, they are granted "legal ownership" of the donated properties at no cost, on condition that they live there for more than 10 years.[133] Over the past three years, some 3 billion Armenian drams were allocated to provide the settlers with construction materials. In 2015 alone, some 350 million drams were allocated for those purposes.[134] Investment in construction of new houses for the settlers is yet another proof of the hastily carried settlement policy.

94. If until 2005 potential settlers were receiving information about the so-called "target areas" from family members and friends who had previously settled in the occupied territories or had been recruited by the Yerevan-based body called

[128] See Chapter 4 "Repopulation in the Kashatagh and Shahumyan regions" in the "Depopulation Crisis In Armenia", report issued on 8 October 2013 and prepared by the Russian-Armenian (Slavonic) University Research Team. Research and Business Center of the Faculty of Economics of Yerevan State University. Research Group: Arshak Balayan, Armen Gakavian, Avetik Mejlumyan, Hrayr Maroukhian Foundatio. Funding provided by: Kololian Foundation. Presented at the UNFPA conference, 8.10.2013, Yerevan, Armenia, <http://www.academia.edu/4758893/Repopulation_in_Kashatagh_and_Shahumyan_Regions_of_ Nagorno-Karabakh_ Republic>.

[129] See "150 Families Move to Liberated Kashatagh in 2011: Will They Stay?", *Hetq.am*, 17 August 2011, <http://hetq.am/eng/news/3641/150-families-move-to-liberated-kashatagh-in-2011-will-they-stay.html>.

[130] See "Shushi's Investment Guide", <http://ruralarmenia.org/content/investment-guide>.

[131] See "Kashatakh, Armenia: Creating sustainable settlements in the "Kashatakh district", United Cities and Local Governments Committee, 4 February 2015, <http://www.uclg-cisdp.org/en/news/latest-news/kashatagh%E2%80%99s-region-azerbaijan-ruralcommunities-are-self-organized-through-union>.

[132] See "The cows taken on loan died in Mataghis", *Artsakhtoday.com*, 4 July 2012, <http://www.artsakhtoday.com/?p=20272& lang=en>.

[133] See "In Nagorno-Karabakh settlers will have an opportunity to privatize their apartments", *News.am*, 25 August 2010, <http://news.am/rus/news/28809.html>.

[134] See "The NKR Government to allocate 350 million Drams for settlement programs", *Artsakhpress.am*, 19 February 2015, <http:// artsakhpress.am/rus/news/12713/pravitelstvo-nkr-predostavit-350-mln-dramov-na-programmiy-zaseleniya.html>.

"Artsakh Committee", which provided consultation, orientation and selection of specialists needed in those "target areas", since 2010 recruitment of settlers from within Armenia and abroad became more organized and massive in scale, with TV channels in Armenia informing about privileges available and professions needed.[135] Selection of candidates for settlement based on profession, as well as the need to acquire permission to settle in the occupied territories also point to the organized and planned character of that activity.

95. Armenian own sources show that the number of settlers in the occupied territories has increased progressively. The population in those territories has increased due to both natural and mechanical growth.[136] In 2001, a 10-year strategic plan was adopted aimed at resettling a total of 36,000 settlers.[137] As a result of the implementation of various resettlement programs in 1994-2004, some 7263 families (18,500 people) were transferred into the occupied territories.[138] By 2011, some 25,000-30,000 people were reportedly settled in those territories.[139]

96. Resettlement in the so-called "Kashatagh" (the occupied Lachyn, Gubadly and Zangilan districts) and "Shahumyan"[140] "regions" (the occupied Kalbajar district) is of particular importance to Armenia due to their "strategic value"[141] and economic attractiveness, including water resources, minerals, energy potential and ample agricultural opportunities.[142] A special "Kashatagh resettlement department" has been established to that end. As a result of the settlement policy, the number of settlers in the occupied town of Kalbajar has increased by 40 per cent over seven years (2005-2012).[143] According to the so-called "governor" of the so-called "Kashatagh region", Souren Khachatryan, in 2010-2013 alone, the number of settlers in region increased from 8,000 to 10,000.[144] While confirming the existence of a resettlement policy, he also admitted that the lack of adequate housing conditions affects the number of settlers that they can accommodate. It clearly shows the intention to settle more Armenians in the occupied territories in much

[135] See Chapter 4 "Repopulation in the Kashatagh and Shahumyan regions" in the "Depopulation Crisis In Armenia", report issued on 8 October 2013 and prepared by the Russian-Armenian (Slavonic) University Research Team, *op. cit.*

[136] See "Considerable demographic increase in Artsakh instead of emigration", *Nkrgov.am*, 2 April 2014, <http://nkrgov.am/en/officialnews/item/2014/04/02/emigration/>.

[137] See "Repopulation is An Essential Question for All Armenians", *Hetq.am*, 25 June 2007, <http://hetq.am/eng/news/6744/repopulationis- an-essential-question-for-all-armenians.html>.

[138] See "How the liberated areas of Artsakh are being repopulated?", *Artsakhtoday.com*, 10 September 2012, <http://www.artsakhtoday.com/?p=24522&lang=en>.

[139] *Ibid.*

[140] See "Nagorno Karabakh authorities created a new Shaumyan district in Kalbajar, and are trying to repopulate it", *Regnum.ru*, 2 February 2011, <http://www.regnum.ru/news/1400627.html>.

[141] "Artsakh Prime Minister on Working Visit to Lebanon", *Hetq.am*, 2 March 2011, <http://hetq.am/eng/news/50637/artsakh-primeminister-on working-visit-to-lebanon.html>.

[142] See "New proposal for the restart of construction", *Artsakhtoday.com*, 14 September 2012, <http://www.artsakhtoday.com/?p=24843&lang=en>; "Water Project, Urekan, Karotan & Vardabats Villages, NKR", *ONEArmenia.org*, September 2014, <http://www.onearmenia.org/wp-content/uploads/2014/09/Water-project.-budget-sheet.pdf>.

[143] See Chapter 4 "Repopulation in the Kashatagh and Shahumyan regions" in the "Depopulation Crisis In Armenia", report issued on 8 October 2013 and prepared by the Russian-Armenian (Slavonic) University Research Team, *op. cit.*

[144] See "Kashatagh Governor: 29 Syrian-Armenian families live here now and another 40 are on a wait list", *Hetq.am*, 22 August 2013, <http://hetq.am/eng/print/28835/>.

shorter timeframe and that the lack of adequate accommodation facilities, including water shortage, apparently hinder the pace and the overall process of resettlement.[145]

97. According to the figures provided by the Armenian sources, as of 1 January 2010[146] and 1 January 2015,[147] the population in the so-called "Kashatagh", "Shushi",[148] "Shahumyan" and "Hadrut" "regions" increased from 7,800, 5,100, 3,000 and 12,400 to 9,300, 5,400, 3,100 and 13,600 respectively. The population increase in other occupied territories was also substantial. Thus, as per the same sources, the number of Armenians in the so-called "Martuni", "Martakert" and "Askeran" "regions" and in the town of "Stepanakert"[149] increased, between 2010 and 2015, from 23,500, 19,600, 17,700 and 52,300 to 24,300, 19,900, 18,100 and 55,200 respectively.[150] Within the same period, the number of Armenians in the towns of Shusha, Lachyn and Zangilan increased from 3,900, 1,700, and 400 to 4,200, 1,900, 500 respectively.

98. Thus said, according to the Armenian statistical data for 2010-2015, the largest population increase was registered in the so-called "Kashatagh", "Shushi", "Shahumyan"and "Hadrut" "regions", with 19.2, 6, 3.3 and 9.7 per cent growth respectively.[151] In 2014, the number of births in "Kashatagh region" was reportedly registered at 222, an increase in comparison with 2013 (186). In Khankandi the growth was 1076 (compare with 974 in 2013).[152] Special social programmes, mainly in the form of one-time financial assistance for the first, second and more children (a family reportedly receives around $234 for the first child, $484 for the second, $1,217 for the third and $1,732 for the fourth. Families with six children under the age of 18 are provided with a house), are designed to stimulate birth-rate among the settlers in the occupied territories and indicate the existence of policy-driven

[145] See "Water Project, Urekan, Karotan & Vardabats Villages, NKR", *ONEArmenia.org*, September 2014, <http://www.onearmenia.org/wp-content/uploads/2014/09/Water-project.-budget-sheet.pdf>.

[146] See "Nagorno Karabakh in Figures 2010", <http://stat-nkr.am/en/publications/68--2010>.

[147] See "Nagorno Karabakh in Figures 2015", <http://stat-nkr.am/files/publications/2015/LXH_tverov_2015.pdf>.

[148] The occupied Shusha district and the town of Shusha of Azerbaijan are unlawfully renamed by Armenia into "Shushi".

[149] In accordance with the Law of the Republic of Azerbaijan "On the Abolishment of the Nagorno-Karabakh Autonomous Oblast" (NKAO) of 26 November 1991, the former Mardakert district of NKAO was renamed into its original name Aghdara (later the territory of this district was re-arranged and included into the Tartar and Kalbajar districts of Azerbaijan), the Martuni district was re-arranged into the Khojavand district, while the Askaran and Hadrut districts were abolished. The Khojaly district was established with the administrative center in the town of Khojaly and the abolished Askaran district was incorporated into that district. The abolished Hadrut district was incorporated into the Khojavand district. The city of Stepanakert was given its historical name – Khankandi.

[150] See "Nagorno Karabakh in Figures 2015", <http://stat-nkr.am/files/publications/2015/LXH_tverov_2015.pdf>.

[151] See "Statistical Yearbook Of Nagorno-Karabakh Republic, 2007-2013", <http://stat-nkr.am/index.php?option=com_content &view=article&id=431:-2007-2013&lang=en&Itemid=>; "Nagorno Karabakh in Figures 2010", <http://stat-nkr.am/en/ publications/68--2010>; "Nagorno Karabakh in Figures 2015", <http://statnkr.am/files/publications/2015/LXH_tverov_2015.pdf>.

[152] See "'Baby boom' continues in Artsakh", *Artsakhpress.am*, 28 January 2015, <http://artsakhpress.am/eng/news/11302/baby-boomcontinues-in-artsakh.html>.

repopulation efforts.[153] The birth rate rise, particularly in the occupied Lachyn, Gubadly and Zangilan districts, may also indirectly point to the increase in the number of settlers. According to the Armenian statistical data, only in 2014, some 946 settlers in total arrived to the occupied territories.[154] The declared target in resettlement is to increase the population of some villages in the so-called "Kashatagh", "Hadrut" and "Shahumyan" "regions" minimum to 1,000 each by 2017.[155]

99. One of the most vivid examples of transfer of the Armenian population into the occupied territories is the resettlement of Khanlyg village in the occupied Gubadly district, with the number of settlers currently estimated at 240 and the intention to increase it up to 1000.[156] The resettlement of this village is part of a larger programme to populate the Araz River Valley, especially the occupied Gubadly, Zangilan and Jabrayil districts.[157] For this purpose, a special settlement master plan, called "Araks Project", has been designed.[158] The so-called "deputy prime minister" of the separatist regime Arthur Aghabekyan is quoted to have said that "[t]he implementation of the repatriation program of the Araks River coast will open new working places" and "[t]he Government intends to prepare 10,000 hectares of land for farming". He further added that 400 hectares of land was exploited in 2013 and 1000 hectares would be allocated to the farmers in 2014.[159]

100. To finance resettlement projects, a "National Artsakh Lottery" programme was launched in 2013.[160] Some 300,000 tickets were put into circulation worldwide and mostly were sold to government agencies, employees of businesses and private individuals in Armenia and elsewhere.[161] The profit gained from the realization of lottery tickets (about AMD 300 million) was directed to the development of

[153] See "Anastasia Taylor-Lind's best photo: A wedding in Nagorno-Karabakh", *Theguardian.com*, 23 January 2014, <http://www.theguardian.com/artanddesign/2014/jan/23/anastasia-taylor-lind-best-photograph-wedding-nagorno-karabakh>.

[154] See "Baby boom" continues in Artsakh", *Artsakhpress.am*, 28 January 2015, <http://artsakhpress.am/eng/news/11302/baby-boomcontinues-in-artsakh.html>.

[155] See "Lottery to Assist Artsakh Resettlement", *Asbarez.com*, 29 July 2013, <http://asbarez.com/112177/lottery-to-assist-artsakhresettlement/>.

[156] See "So Different And So Alike – From Mataghis To Araxavan", *Artsakhtert.com*, 25 February 2014, <http://artsakhtert.com/eng/index.php?option=com_content&view=article&id=1376:-so-different-and-so-alike-from-mataghis-toaraxavan&catid=6:economy&Itemid=18>.

[157] See "Repatriation and rebirth of Karabakh settlements get flesh and blood: Deputy PM", *Armenpress.com*, 30 January 2014, <http://armenpress.am/eng/news/748024/repatriation-and-rebirth-of-karabakh-settlements-get-flesh-and-blood-deputy-pm.html>; "So Different And So Alike – From Mataghis To Araxavan", *Artsakhtert.am*, 25 February 2014, <http://artsakhtert.com/eng/index.php?option=com_content&view=article&id=1376:-so-different-and-so-alike-from-mataghis-to-araxavan&catid=6:economy&Itemid=18>.

[158] See "Lottery to Assist Artsakh Resettlement", *Asbarez.com*, 29 July 2013, <http://asbarez.com/112177/lottery-to-assist-artsakhresettlement/>.

[159] See "Repatriation and rebirth of Karabakh settlements get flesh and blood: Deputy PM", *Armenpress.am*, 30 January 2014, <http://armenpress.am/eng/news/748024/repatriation-and-rebirth-of-karabakh-settlements-get-flesh-and-blood-deputy-pm.html>.

[160] *Ibid.*

[161] *Ibid.* See also "Artsakh Lottery Winner Claims Car Prize", *Asbarez.com*, 18 March 2014, <http://asbarez.com/120737/ artsakh-lotterywinner-claims-car-prize/>.

infrastructure, repatriation and other projects, including construction of 37 dwelling houses in Khanlyg village in the occupied Gubadly district.[162]

101. Of grave concern is evidence of resettlement of Syrian Armenians in the occupied territories[163] and direct involvement in that process of the government agencies of Armenia, including its Ministry of Diaspora, as well as other political organizations of Armenia.[164] Many Armenians from Syria, particularly from Syrian towns of Qamishli and Aleppo, are resettled in the occupied Zangilan, Gubadly and Lachyn districts.[165] Most of them settle down in Zangilan[166] and Minjivan towns of

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[162] See <http://www.nkrlottery.am>.

[163] See "Syria's Armenians look to ancient homeland for safety", *BBC News*, 10 September 2015, <http://www.bbc.com/news/worldeurope-34210854>; "Armenia: Syrian Refugees Resettling in Occupied Azerbaijani Territory", *EurasiaNet.com*, 28 January 2013, <http://www.eurasianet.org/node/66461>; UN Doc. A/67/952-S/2013/478, 13 August 2013; "Why Armenia is welcoming Syrian Armenians", BBC News Report, 23 April 2015, <http://www.bbc.com/news/world-middle-east-32438128>; "Karabakh Offers New Home to Syrian Armenians", Institute for War & Peace Reporting,14 January 2013, <https://iwpr.net/global-voices/karabakh-offers-new-home-syrianarmenians>; "Around 200 Syrian Armenians live in Karabakh", *News.am*, 3 October 2014, <http://news.am/eng/news/232270.html>; "Families Fleeing Syria Battle Raise Tension in Oil Region", *Bloomberg.com*, 16 October 2013, <http://www.bloomberg.com/news/articles/2013-10-15/families-fleeing-syria-battle-raise-tension-in-oil-region>; "Kashatagh Governor: 29 Syrian-Armenian families live here now and another 40 are on a wait list", *Hetq.am*, 22 August 2013, <http://hetq.am/eng/print/28835/>; "New flats are built for Syrian Armenians in Nagorno-Karabakh", *Armenpress.am*, 5 August 2013, <http://armenpress.am/eng/news/728230/new-flats-are-built-forsyrian-armenians-in-nagorno-karabakh.html>; "Syrian Armenians settling in Karabakh", *News.am*, 20 April 2013, <http://news.am/eng/news/149833.html>; "Garo and Mher: These Qamishli Armenians Plan to Stay in Kovsakan", *Hetq.am*, 19 March 2013, <http://hetq.am/eng/print/24611/>; "Relocation With a Reason: Some Syrian-Armenian families find advantages to resettle in Karabakh", *ArmeniaNow.com*, 13 March2013, <http://www.armenianow.com/society/features/44597/syrian_armenians_kashatagh_resettlement_in_karabakh>.

[164] See "Yerevan Expects Further Armenian Exodus From Syria", *Ecoi.net*, 2 September 2013, <http://www.ecoi.net/local_link/ 257384/369532_en.html>.

[165] See "28 Syrian-Armenian families live in Kashkatagh region of Karabakh", *News.am*, 1 November 2014, <http://news.am/eng/news/237169.html>; "Armenian Family Split: Some Remain in Berdzor, Some Return to Qamshli", *Hetq.am*, 9 January 2014, <http://hetq.am/eng/news/31882/armenian-family-split-some-remain-in-berdzor-some-return-to-qamshli.html>; "Witness to Gyumri Earthquake and Syrian War Speaks About Life in Artsakh", *Hetq.am*, 26 December 2013, <http://hetq.am/eng/news/31664/witnessto-gyumri-earthquake-and-syrian-war-speaks-about-life-in-artsakh.html/>; See "Kashatagh Governor: 29 Syrian-Armenian families live here now and another 40 are on a wait list", *Hetq.am*, 22 August 2013, <http://hetq.am/eng/print/28835/>; "New flats are built for Syrian Armenians in Nagorno-Karabakh", *Armenpress.am*, 5 August 2013, <http://armenpress.am/eng/news/728230/new-flats-are-built-forsyrian-armenians-in-nagorno-karabakh.html>; "Homeland, but not Home: Syrians finding it hard to settle in Karabakh", *Armenianow.com*, 30 July 2013, <https://www.armenianow.com/society/47851/syrian_armenians_kashatagh_nagorno_karabakh_resettlement>.

[166] "Agricultural Project Supports Syrian Armenians in Nagorno-Karabakh Republic", *AGBU*, 16 January 2014, <http://agbu.org/news-item/agricultural-project-supports-syrian-armenians-in-nagorno-karabakh-republic/>.

the Zangilan district and Khanlyg village of the Gubadly district, while others move to the occupied Khojaly district and other occupied areas.[167]

102. Syrian Armenians settled in Lachyn and elsewhere are reportedly provided with apartments free of charge and with an "ownership right".[168] To aid the construction and renovation of homes in the occupied Lachyn, Kalbajar and Zangilan districts, the Armenian Revolutionary Federation's Yerevan-headquartered "Help Your Brother" program provided more than $32,000 to the "Kashatagh Foundation".[169]

103. Syrian Armenians are among the beneficiaries of the programmes designed for the resettlement of the occupied territories.[170] Thus, in 2014, Tufenkian Foundation that implements several resettlement projects in the occupied territories organised fundraisings and provided the construction materials for finishing the renovation of the apartment buildings in the town of Zangilan and in Khanlyg village, specifically for Syrian Armenian settlers.[171] In fact, the first Armenian family from Syria arrived to the occupied territories of Azerbaijan much earlier, in 2008, before the crisis in Syria broke out, while the first Armenians from the Middle East, namely from Beirut, were resettled in Mashadiismailly village in the Zangilan district back in 1999.[172]

104. The Government of Armenia reportedly granted the Armenian citizenship to more than 90 per cent of immigrants of Armenian origin from Syria.[173] Armenian passports are being issued for Syrian Armenians in Syria and Lebanon, as well as upon their arrival in Yerevan.[174] Armenian parliament passed a special legislation allowing waiving State duty for the passports issued for Armenians arriving from the Middle East.[175] So, by the time they reach the occupied territories, most of them acquire the citizenship of Armenia. The data on the number of Syrian Armenians transferred thus far into the occupied territories varies from one Armenian source to another. According to press reports, some 38 Armenian families from Syria,

[167] See "Stay or Leave? – Aleppo's Asmaryan Brothers Attempt Agricultural Venture in Artsakh", *Hetq.am*, 4 August 2015 <http://hetq.am/eng/news/61892/stay-or-leave---aleppos-asmaryan-brothers-attempt-agricultural-venture-in-artsakh.html>.

[168] See "Relocation With a Reason: Some Syrian-Armenian families find advantages to resettle in Karabakh", *ArmeniaNow.com*, 13 March2013, <http://www.armenianow.com/society/features/44597/syrian_armenians_kashatagh_resettlement_in_karabakh>.

[169] See "The Housing Conundrum: Syrian Armenians in Armenia", *ArmenianWeekly.com*, 14 January 2014, <http://armenianweekly.com/2014/01/14/the-housing-conundrum-syrian-armenians-in-armenia/>.

[170] *Ibid*.

[171] See "Housing for Syrian Armenians", *Tufenkian foundation.org*, 25 November 2014, <http://www.tufenkianfoundation.org/ ?laid=1&com=module&module=static&id=383>.

[172] See "Illusions and Reality: The Vision of Ditsmayri", *Hetq.am*, 4 September 2006, <http://hetq.am/eng/print/11131/>.

[173] See Calin-Stefan, Georgia, "The Integration of Syrian-Armenians in the Republic of Armenia: A Case Study", Romanian Journal of Political Science, Winter 2014.

[174] See "389 Syrian-Armenians receive Armenian passports", *Armenpress.am*, 18 November 2014, <http://armenpress.am/eng/news/784468/389-syrian-armenians-receive-armenian-passports.html>.

[175] See "Armenian government reimbursing Syrian-Armenians for state duty for Armenian passports", *Armenpress.am*, 24 February 2015, <http://armenpress.am/eng/news/795357/armenian-government-reimbursing-syrian-armenians-for-state-duty-for-armenian-passports.html>.

including from Kessab and Qamishli towns in Syria, were resettled in those territories, with more families expressing intention to follow the suit.[176] As of October 2012, Armenian sources reported of at least 800 settlers in total in the "southern part of Kashatagh region" (occupied Zangilan and Gubadly districts) alone, including also Armenians from Syria.[177] As per other sources, as of 2015, the number of Armenian families from Syria settled in the occupied territories reportedly reached several hundreds. Given that, according to the Republic of Armenia's Ministry of Diaspora, more than 16,000 Syrian Armenians have entered Armenia since March 2011, and at least 11,000 continue to reside in Armenia, the number of those settled in the occupied territories is likely to be much higher. They were allotted with either newly built homes or apartments in renovated buildings. Those families deciding to stay and adapt are promised the property ownership certificate. Regardless of how many Syrian Armenians currently reside in the occupied territories, their presence in those territories serves as an incentive for more their compatriots and relatives to move from Syria and from Armenia, given the continuing instability in Syria and dire economic conditions in Armenia.[178]

105. The interest in settlement of Syrian Armenians in particular in Lachyn, Gubadly and Zangilan districts and in other occupied territories is driven by their experience in agriculture development that, as Armenia hopes, will be a significant boost to the colonization of those territories. For example, Vrej and Hovig Asmaryan brothers moved from Syrian Aleppo to the occupied territories in 2012. They set up a commercial enterprise, "Asmaryan Greenland", and started a farm on 15 hectares of land in the fields of the newly established "Berkadzor" settlement in the occupied Khojaly district, where some 3,000 fruit trees of ten varieties and other vegetables are grown. They plan to import from Syria olive trees and plant them near the banks of the Araz River. Since moving from Syria, they have invested over $600,000 in farming. In 2015, they received a 40 million AMD contract to import mulberry saplings from Syria. 2,000 of them have already been ordered.[179] The Asmaryans informed that since they used to urban life, they have decided to stay in Khankandi, where they currently rent and buy property. They also admitted that "the government has suggested they move to the Kashatagh Province where they are promised housing".[180] This is yet another indication of the deliberate efforts to settle Armenians in the Lachyn district and other occupied territories, depopulated of their Azerbaijani residents.

106. Land, agricultural loans with zero interest rate and equipment (tractors, seeders, disks, fertilizer distributors and pesticide sprinklers) have been provided to

[176] See "New flats are built for Syrian Armenians in Nagorno-Karabakh", *Armeniansocietynetwork.com*, <http://www.armeniansocietynetwork.com/syrian-armenians/new-flats-are-built-for-syrian-armenians-in-nagorno-karabakh>.

[177] See "Prime Minister of Nagorno Karabakh Republic Ara Harutyunyan visited Kovsakan", *Artsakhtoday.com*, 10 October 2012, <http://www.artsakhtoday.com/?p=26411&lang=en>.

[178] See "Mayissian: Armenia's 'Silent' National Security Threat", *Armenianweekly.com*, 3 January 2013 <http://armenianweekly.com/2013/01/03/mayissian-armenias-silent-national-security-threat/>.

[179] See "Stay or Leave? - Aleppo's Asmaryan Brothers Attempt Agricultural Venture in Artsakh", *Hetq.am*, 4 August 2015, <http://hetq.am/eng/news/61892/stay-or-leave---aleppos-asmaryan-brothers-attempt-agricultural-venture-in-artsakh.html>.

[180] *Ibid.*

stimulate Syrian Armenians farmers to settle in the Zangilan district and elsewhere and become productive farmers.[181] According to so-called "governor" of the so-called "Kashatagh region" Souren Khachatryan, in 2013 around 20,000 hectares were cultivated. Most of the crop, wheat, barley and corn are transported across the occupied section of Azerbaijan-Armenia border to Armenia's Syunik district.[182]

107. Armenian diaspora actively participates in the resettlement of Syrian Armenians in the occupied territories.[183] Tufenkian Foundation, "The Assistance To Self-Determined Artsakh Charitable Foundation" and other organizations are channelling funds to support resettlement activities. Thus, the Armenian community of Boston (USA) raised $1.3 million for Syrian Armenians to settle in the occupied territories. The funds were transferred through "Artsakh Roots Investment" ("ARI") company and were allocated to buy cattle and invite tenders for construction of houses.[184]

108. The Government of Armenia also allocates preferential loans (up to 5 million drams at a 10 per cent reduced interest rate for up to five years) to Syrian Armenian small and medium-sized business owners to finance small production facilities.[185] Syrian Armenians settled in Lachyn, Zangilan and elsewhere in the occupied territories are eligible for those loans, since no distinction is made between the programmes for Syrian Armenians remaining in Armenia and those resettling in the occupied territories.[186]

109. There are reports that Syrian Armenians settled in the occupied territories are being recruited to serve in the armed forces of Armenia deployed in the occupied territories.[187] Armenia is using incentive tricks, like granting to new and existing settlements the geographic names with clear historical connotation (such as "New Cilicia", "Van" etc.), in an effort to draw historical parallels and encourage more Armenians to move to the occupied territories out of patriotic fillings or "historical grievances". For example, in May 2013, Archbishop Moushegh Mardirossian, Prelate, based in Los Angeles (USA), visited the occupied territories to attend the ceremony of opening of "New Cilicia" settlement sponsored by the Catholicosate of

[181] See "Agricultural Project Supports Syrian Armenians in Nagorno-Karabakh Republic", Armenian General Benevolent Union, 16 January 2014, <http://agbu.org/news-item/agricultural-project-supports-syrian-armenians-in-nagorno-karabakh-republic/>.

[182] See "Kashatagh Governor: '29 Syrian-Armenian families live here now and another 40 are on a wait list'", *Hetq am*, 22 August 2013, <http://hetq.am/eng/print/28835/>.

[183] See "Organization Encourages Armenians from West to Move to Armenia, Artsakh", *Hetq am*, 21 September 2011, <http://hetq.am/eng/news/4578/organization-encourages-armenians-from-west-to-move-to-armenia-artsakh.html>.

[184] See "Armenians of Boston raise $1.3 million for Syrian Armenians to settle in Karabak", *News.am*, 18 August 2013, <http://www.news.am/eng/news/167268.html>.

[185] See "Syrian-Armenian businessmen: Preferential loan limit should increase", *News.am*, 23 March 2015, <http://news.am/eng/news/258320.html>.

[186] See "Syrian-Armenian participants of Good Start course receive certificates and will be granted loans", Ministry of Diaspora of Armenia, 26 February 2013, <http://www.mindiaspora.am/>.

[187] See "Second group of volunteers from "Kashatagh" goes to frontline", *Panorama.am*, 8 August 2014, <http://www.panorama.am/en/popular/2014/08/08/r-matevosyan/?sw>; "New flats are built for Syrian Armenians in Nagorno-Karabakh", *Armenpress.am*, 5 August 2013, <http://armenpress.am/eng/news/728230/new-flats-are-built-for-syrian-armenians-in-nagorno-karabakh.html>.

Cilicia.[188] In March 2015, Bako Sahakyan inaugurated a park in the occupied town of Lachyn, dedicated to the so-called "100th anniversary of the Armenian genocide". He particularly emphasized that laying such a park was designed to keep the memory of the "genocide" victims bright and developing the native land, at the same time expressing hope that it would become a place of pilgrimage for the generations to come.[189]

9. Extensive social, economic and transport infrastructure changes

110. Armenia continues the development of permanent energy, agriculture, social, residential and transport infrastructure in the occupied territories, including construction of irrigation networks, water supply systems, roads, electrical transmission lines and other economic and social infrastructure. Armenia's direct involvement in building infrastructure in those territories, including the areas depopulated of their Azerbaijani population, is evident from provision of loans to the separatist regime[190] and supply of construction materials and heavy equipment.

111. In 2014 alone, more than 20 billion drams were allocated for the implementation of construction projects, including the construction of 53 houses, the purchase of 12 apartments for large families and construction of Jamiyyat-Khojavand highway ("Nngi-Martuni").[191] Like in the previous years, housing construction, including construction and capital repair of apartments, is declared a priority. Armenia-founded and controlled Hayastan All-Armenian Fund is a major donor that provides funding for infrastructure development projects, in particular through its annual telethons.[192] According to the Fund's website, to date it financed over $251 million-worth projects in Armenia and in the occupied territories of Azerbaijan. In 2015 alone, the Fund raised some $10,378,465 in pledges and donations for the construction of single-family houses in the occupied territories.

112. Building infrastructure in the occupied territories is linked directly to support of the maintenance and existence of settlements and to bring and keep more Armenian settlers in those territories. According to Ara Vardanyan, Executive Director of Armenia Fund Inc., the U.S. Western Region affiliate of the Hayastan

[188] See "Prelate Participates in Inauguration of New Cilicia Village in Artsakh", *Westernprelacy.org*, 15 May 2013, <http://westernprelacy.org/prelate-participates-in-inauguration-of-new-cilicia-village-in-artsakh/>.

[189] See "Artsakh Republic President Bako Sahakyan was present at the ceremony of laying out a park dedicated to the "100th anniversary of the Armenian Genocide" held in the town of Berdzor and organized at the initiative of the Yerevan State University", *Artsakhtert.com*, 30 March 2015, <http://artsakhtert.com/eng/index.php?option=com_content&view=article&id=1746:artsakh-republic-president-bakosahakyan-was-present-at-the-ceremony-of-laying-out-a-park-dedicated-to-the-100th-anniversary-of-the-armenian-genocide-held-inthe-town-of-berdzor-and-organized-at-the-initiative-of-the-yerevan-state-university&catid=11:official&Itemid=23>.

[190] See "New proposal for the restart of construction", *Artsakhtoday.com*, 14 September 2012, <http://www.artsakhtoday.com/?p=24843&lang=en>.

[191] See "This year 20 billion AMD will be spent on construction in Artsakh", *Artsakhpress.am*, 28 January 2014, <http://artsakhpress.am/eng/news/127/.html>; "In the first quarter of the year 2.7 billion AMD of the budget will be allocated for construction projects", *Artsakhpress.am*, 14 January 2014, <http://artsakhpress.am/eng/news/40/in-the-first-quarter-of-the-year-27-billion-amd-of-thebudget-will-be-allocated-for-construction-projects.html>.

[192] See <http://www.himnadram.org/index.php?id=24350&lang=1>.

All-Armenian Fund, established in 1994 in Los Angeles, California, as a tax-exempt, non-governmental corporation, "community centres are of vital importance to the ongoing social and economic development of rural areas in [...] Artsakh, and they [...] ultimately provide residents with one more compelling reason to continue living and working in their hometowns".[193]

113. Transport infrastructure projects carried out in the occupied territories include in particular a network of roads designed exclusively for connecting Armenia and the occupied territories and Armenian settlements within the occupied territories. Among them are the Goris-Khankandi roads, passing through the occupied Lachyn district, linking Armenia and the occupied territories, the "North-South" highway, connecting the northern part of the occupied territories with the South and the 116 km-long Vardenis-Aghdara highway, passing from Armenia through the occupied Kalbajar district of Azerbaijan. A stretch of road linking Vardenis and Aghdara via Kalbajar reportedly already exists, but it is in poor condition and is not passable during the winter months.[194] That new highway is aimed at resolving the issue and providing a shorter alternative route connecting Armenia and the occupied territories.

114. The 2014 telethon of Hayastan All-Armenian Fund was directed to the special projects adopted by the benefactors and the final phase of the Vardenis-Aghdara highway construction, total cost of which is estimated to be around $30 million. Some $12.4 million were raised at the telethon.[195] Bako Sahakyan pointed to the strategic, political and socioeconomic significance of the road.[196] The road, which will be shorter by 150 kilometres than the road via the occupied Lachyn district and which will cut travel time from Yerevan (Armenia) to the occupied territories from 6 to about 3 hours,[197] will be reportedly used for movement of goods and minerals in and out of the occupied territories to the markets in Armenia and other countries and will improve geographic access for colonization of those territories.[198] Armenia's

[193] See "Community Center In Shushi Region's Mets Shen Will Be The Village's First", *Armenia Fund USA*, 14 April 2011, <http://www.armeniafundusa.org/news/20110414-mets-shen.htm>.

[194] See "New Roads, New Questions: Construction of New Armenia-Artsakh highway", *Civilnet.am*, 7 June 2013, <http://civilnet.am/2013/06/07/new-roads-new-questions-construction-of-new-armenia-artsakh-highway/#.VSLHg4HXerU>.

[195] See "$12.4 Million Raised at Armenia Fund Telethon", *Asbarez.com*, 1 December 2014, <http://asbarez.com/129374/12-4-millionraised-at-armenia-fund-telethon/>.

[196] See "On 26 May President Bako Sahakyan partook in a meeting of the Hayastan All-Armenian Fund Board of Trustees held in Yerevan", *Artsakhtert.com*, 27 May 2014, <http://artsakhtert.com/eng/index.php?option=com_content&view=article&id= 1464:-on-26-maypresident-bako-sahakyan-partook-in-a-meeting-of-the-qhayastanq-all-armenian-fund-board-of-trustees-held-in-yerevan&catid=11:official&Itemid=23>; "Karvachar-Armenia road construction in progress", *Panarmenian.net*, 14 December 2011, <http://panarmenian.net/m/eng/news/86572>.

[197] See "Nagorno-Karabakh's second road and its consequences Mark Dietzen about the new project", *Araratonline.com*, August 2013, <http://www.araratonline.com/en/2013/08/nagorno-karabakhs-second-road-and-its-consequences-mark-dietzen-about-the-newproject/>.

[198] See "Security, Trade, and Jobs: An Update on the Vardenis-Martakert Highway", *Asbarez.com*, 21 November 2014, <http://asbarez.com/129130/armenia-fund-security-trade-and-jobs-an-update-on-the-vardenis-martakert-highway/>; "Armenia-Karabakh highway construction launches", *Artsakhpress.am*, 14 February 2014, <http://artsakhpress.am/eng/news/281/armenia-karabakh-highwayconstruction-launches.html>; "Nagorno-Karabakh's second road and its consequences Mark Dietzen about the new project", *Araratonline.com*, August 2013, <http://www.araratonline.com/en/2013/08/nagorno-karabakhs-second-road-and-its-consequencesmark-dietzen-about-the-new-project/>.

companies like the Vallex Group CJSC and its subsidiary Base Metals CJSC, involved in pillaging of natural resources in the occupied territories, are the primary beneficiaries of that road (see below).[199] According to Alexander Kananyan, who is one of those resettled in the occupied town of Kalbajar, "the road bypasses all main villages and district's main town Karvachar [Kalbajar] by about 18 km. That's why the new road is being built primarily for freighting, rather than for the locals."[200] As the so-called "minister of urban planning" of the separatist regime Karen Shakhramanyan noted, the road "has strategic and economic importance, as it is convenient for freighting and realization of perspective programs in the mining sphere – Drmbon [Heyvaly] gold mining factory and Maghavuz [Chardagly] coal factory, which are both located in the Martakert region of Nagorno Karabakh".[201] He confirmed that a 45 km long road from "Sotk" pass up to "Karvachar" [Kalbajar] intersection is being built with participation of the Ministry for Energy of Armenia.[202] Armenia's construction companies, including Dorozhnik LLC, are participating in this project.[203] Technical supervision of the construction works is also carried out by Armenia's relevant government agencies.[204] Construction of the Vardenis-Aghdara highway is expected to be completed by the end of 2016. The Government of Armenia provides funding for this project.[205]

115. In 2008, Armenia launched reconstruction of the airport near the occupied town of Khojaly of Azerbaijan and manifested its intention to operate flights, including military ones, into/ from the occupied territories.[206] Germany-based "Thales Air Systems GMBH" affiliate of the "Thales Group" (France) provided navigation equipment for this airport. A businessman from Argentina of Armenian origin, Eduardo Eurnekyan, purchased an aircraft to perform flights to the occupied territories.[207] Azerbaijan informed the international community that this airport, referred to by Armenia as "Stepanakert airport", is not an approved aerodrome under the legislation of Azerbaijan, nor is it a designated customs airport in accordance with the Convention on International Civil Aviation.[208] Consequently, all flights operated from and into that airport are unlawful and violate the said Convention and the fundamental principles and objectives of the International Civil

[199] See "New Roads, New Questions: Construction of New Armenia-Artsakh highway", *Civilnet.am*, 7 June 2013, <http://civilnet.am/2013/06/07/new-roads-new-questions-construction-of-new-armenia-artsakh-highway/#.VSLHg4HXerU>; "New route: Karabakh building second road to Armenia", *Armenianow.com*, 7 November 2011, <http://armenianow.com/karabakh/33013/karabakh_kelbajar_new_road_armenia>.

[200] See "Construction work on the Armenia-Karabakh road to finish by February 2013", *Caucasus knot*, 16 January 2012, <http://www.kavkazuzel.ru/articles/199305/>.

[201] *Ibid.*

[202] *Ibid.*

[203] See <http://www.dorozhnik.am/en/about>.

[204] *Ibid.*

[205] "Construction works of the Vardenis-Martakert highway are planned to be completed at the end of 2016", 11 November 2015, <http://nkr-news.com/arcakh/stroitelnye-raboty-avtotrassy-vardenis-martakert-planiruyutsya-zavershit-k-kontsu-2016-godu.html> (in Russian language).

[206] See "Air Artsakh: Stepanakert Airport certified to service flights, to be put into operation 'soon'", <http://www.acccc.org.uk/airartsakh-stepanakert-airport-sertified-to-service-flights-to-be-put-into-operation-soon>.

[207] See "Dmitry Atabashyan: Stepanakert Airport Performing General Flights", *Arminfo.info*, <http://www.arminfo.info/index.cfm?objectid=991E0010-141F-11ES-80630EB7C0D21663>.

[208] See UN Doc. A/67/507-S/2012/754, 11 October 2012.

Aviation Organization (ICAO). Since Azerbaijan, acting in the exercise of its sovereign right, has closed the airspace over the occupied territory for any aviation operations, no flight into or from this airport is authorized. ICAO, through its Secretary General confirmed the inadmissibility of unauthorized flights over the territory of Azerbaijan recognized by the United Nations.[209]

116. An extensive network of irrigation systems and water supply pipes is being built to service the settlements and illegal activities, especially in the agricultural sector, throughout the occupied territories (see below). The scale of construction/renovation of residential buildings and houses and other social facilities for the settlers moved to the occupied territories has considerably increased.[210] That is also revealed from the statistical data on the number of business entities registered in the occupied territories as of 2013. Thus, for example, while some 30 entities (27 legal persons, 3 individual entrepreneurs) were registered in the agricultural sector, 186 legal persons and 14 individual entrepreneurs were registered in the construction sector.[211] Furthermore, there were 334 entities (171 legal persons and 163 individual entrepreneurs) engaged in industry and 289 entities in total (53 and 236 respectively) engaged in transportation and communication development.

117. The construction in 2015 of the healthcare facility for around 150 settlers who moved from Armenia to villages of Gushchu, Ashaghi Farajan and Safiyan in the occupied Lachyn district[212] is directly linked to promoting resettlement of a new population in that area.[213] Like many other facilities, the clinic is built on the ruins of demolished buildings, confirming the earlier reports that empty houses of Azerbaijani displaced persons are being dismantled for the use as construction materials or that new houses are being built on their lands and properties. In 2013, construction of a kindergarten in the occupied town of Kalbajar and repair works in a hospital in the occupied town of Zangilan were launched.[214]

118. In an effort to create a new demographic situation on the ground and prevent the return of the Azerbaijani internally displaced persons to their homes, the

[209] See "38th Session of the ICAO Assembly", 4 October 2013, <http://www.caa.gov.az/index.php?option=com_k2&view=item&id=273:38th-Session-of-the-ICAOassembly&Itemid=118&lang =en>.

[210] See "Community center being constructed in Khachmach with joint efforts", *Artsakhpress.am*, 10 April 2015, <http://artsakhpress.am/eng/news/16220/community-center-being-consructed-in-khachmach-with-joint-efforts.html>; "State Order for Capital Construction Cut By Over Two Billion", *Artsakhtert.com*, 16 February 2013, <http:/ artsakhtert.com/eng/index.php?option=com_content&view=article&id=935:-state-order-for-capital-construction-cut-by-over-two-billion&catid=6:economy &Itemid=18>

[211] See "Statistical Yearbook Of Nagorno-Karabakh Republic, 2007-2013", *op. cit.*

[212] See "Bringing Hope and Healthcare to Armenian Villages in Artsakh", *Asbarez.com*, 9 March 2015, <http://asbarez.com/132813/bringing-hopeand-healthcare-to-armenian-villages-in-artsakh/>.

[213] See "Construction of medical station of Karabakh's Aghavnatun to promote resettlement", *Armenpress.com*, 14 March 2015, <http://armenpress.am/eng/news/797643/construction-of-medical-station-of-karabakh%E2%80%99s-aghavnatun-to-promoteresettlement.html>.

[214] See "State Order for Capital Construction Cut By Over Two Billion", *Artsakhtert.com*, 16 February 2013, <http://artsakhtert.com/eng/index.php?option=com_content&view=article&id=935:-state-order-for-capital-construction-cut-by-over-two-billion&catid=6:economy&Itemid=18>.

Armenian side gives particular importance to building social infrastructure in and resettlement of the occupied Shusha district and the town of Shusha – a historical and cultural centre of Azerbaijan in Nagorno-Karabakh, where the number of the Azerbaijanis constituted more than 95 per cent of the population.[215] As of 2014, over 30 different projects, ranging from renovation of streets to restoration/construction of social facilities have been implemented in Shusha.[216] Hayastan – All Armenian Fund recently completed building of a water supply network in the town. Since 2007, a US-registered Sutter Emergency Medical Associates (SEMA) urban development company has been involved in urban planning for the town of Shusha, in particular by designing a Master Plan for the so-called "Shushi Revival Fund".[217] In 2011, Armenia Fund USA financed building of a community centre in Boyuk Galadarasy village in the Shusha district.[218]

119. In 2013, a residential house for three families of Syrian Armenians was built in Lachyn.[219] The same year, more than 290 houses and 40 apartments were "privatized" in the town of Lachyn and construction materials were allocated to 30 families resettled there.[220] The US-registered "Project Agape", which is a joint venture of the Western and North Carolina Conferences of the United Methodist Church in cooperation with the Armenian Apostolic Church, is involved in housing construction and repair in the town of Lachyn.[221] In July 2013, a memorandum was signed between the separatist regime and "ARI" company to build a new settlement with 150 dwelling houses in the Lachyn district.[222] Speaking at the ceremony of signing of the memorandum, Executive Director of "ARI" Company, Benjamin Bjjakchyan, stressed that by signing the memorandum they indicated the serious intentions of the diaspora, in particular that from Lebanon, on the process of resettlement of "Artsakh".[223] Among the projects implemented by "ARI" was the construction of some 50 apartments in Zabukh village in the Lachyn district.[224] In 2013, two multi-apartment buildings were commissioned in the occupied town of Zangilan for the use of Syrian Armenians settled there.[225]

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[215] See "Shushi Revitalization Projects Going Strong", *Armenia Fund USA*, 21 June 2010, <http://www.armeniafundusa.org/news/20100621-shushi-revitalization.htm>.

[216] See "Shushi: Restoring the Crown Jewel of Armenian Civilization", *Massispost.com*, 12 May 2014, <http://massispost.com/2014/05/shushi-restoring-the-crown-jewel-of-armenian-civilization/>.

[217] See "Investment Passport", <http://www.shushi.org/factsheet/factsheet_eng.pdf>.

[218] See "Community Center In Shushi Region's Mets Shen Will Be The Village's First", *Armenia Fund USA*, 14 April 2011, <http://www.armeniafundusa.org/news/20110414-mets-shen.htm>.

[219] See <http://www.artsakh.tv/en/news/show/4635>.

[220] See "The process of free housing privatization in Berdzor continues", *Artsakhpress.am*, 28 February 2014, <http://artsakhpress.am/eng/news/430/the-process-of-free-housing-privatization-in-berdzor-continues.html>.

[221] See <http://mission.wnccumc.org/building-team-armenia-home-rebuild/>.

[222] See "New Settlement will be Founded in Berdzor", 15 July 2013, <http://gov.nkr.am/en/officialnews/item/2013/07/15/berdzorsettlement/>.

[223] See "The Future of Historical Berdzor Is More Than Promising", *Artsakhtert.com*, 22 July 2013, <http://artsakhtert.com/eng/index.php?option=com_content&view=article&id=1111:-the-future-of-historical-berdzor-is-more-than-promising&catid=6:economy&Itemid=18>.

[224] See "Karabakh delegation had meetings in UAE and Kuwait", *Arka.am*, 3 March 2015, <http://arka.am/en/news/economy/karabakh_delegation_mad_meetings_in_uae_and_kuwait/>.

[225] See "New Apartments In Kovsakan", *Artsakhter.com*, 17 April 2014, <http://www.artsakhtert.com/eng/index.php?option=com_content&view=article&id=1431:new-apartments-in-kovsakan>.

120. The US-registered "Patriot" charity organization, headed by Stepan Sargsyan, has long been involved in development projects in the occupied Kalbajar, Lachyn, Jabrayil and Zangilan districts.[226] The Switzerland-based Sedrik Marten Fund financed water supply and social infrastructure construction projects in Pirjamal village of the occupied Khojaly district and elsewhere.[227]

10. Providing products, investments, technology, heavy machinery and services facilitating the illegal economic activities

121. The evidence shows that Armenia exercises pervasive control of the entire economic and commercial system in the occupied territories, including over inbound and outbound trade flows and economic resources. Armenian companies and businesses registered in Armenia or their affiliates and entities established in the occupied territories with financial and other support of Armenia control the entire market and manage the export of settlement produce to Armenia and to international markets. Armenian private businesses play a major role in Armenia's colonial enterprise in the occupied territories. Many Armenian companies operate farms, orchards and production facilities in those territories. Raw materials and technology are provided to the occupied territories from Armenia and from other countries through Armenia.

122. The main business promoting structure in the occupied territories is the so-called "Artsakh Investment Fund" (AIF), which was established as successor of "Artsakh Development Agency" on 1 November 2007. It provides information about business establishment procedures, assists with setting up joint enterprises by means of leasing, franchising, licensing and placing bonds.[228] The "Fund" implements business support and mortgage programmes. Armenia's Ardshininvestbank CEO Mher Grigoryan is reported to have informed at the meeting with the so-called "prime minister" of the separatist regime Ara Harutyunyan, the bank acquired shares of "Artsakh Investment Fund" so as to be able to take part in its mortgage programme.[229]

123. Armenia supplies a variety of heavy engineering machinery, including tractors, combines and bulldozers and other equipment and materials to the occupied territories, thus facilitating the illegal activities there, including expansion of settlements and construction of the associated infrastructure. Chin-Van 40, 4 model tractors assembled at China's Chin-Van Company's plant in Vanadzor

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[226] See "Restructuring programs of Karabakh's liberated regions continue by efforts of Diaspora", *Artsakhpress.am*, 18 March 2015, <http://artsakhpress.am/eng/news/14584/restructuring-programs-of-----karabakh%E2%80%99s-liberated-regions-continue-byefforts-of-diaspora.html>.

[227] See "Artsakh Vardadzor village gets new drinking water network", *Hetq.am*, 18 September 2015, <http://hetq.am/eng/news/62677/artsakh-vardadzor-village-gets-new-drinking-water-network.html>; "Rural and Infrastructure Development Projects in Armenia and Artsakh", Hayastan-All Armenian Fund, <http://www.himnadram.org/index.php?id= 23758>.

[228] See "Shushi's Investment Guide", <http://ruralarmenia.org/content/investment-guide>.

[229] See "Ardshininvestbank plans to buy shares of Artsakh Investment Fund", *Arminfo.am*, 15 August 2014, <http://arminfo.am/index.cfm?objectid=BF15F9A0-248B-11E4-B6610EB7C0D21663>.

(Armenia) are shipped to the occupied territories.[230] There are hundreds of various types of USA-manufactured Caterpillar heavy machines, provided by Germany's Zeppelin Baumaschinen GmbH subsidiary Zeppelin Armenia LLC,[231] and John Deere farm tractors and equipment,[232] German Deutz Fahr combines and tractors,[233] South Korean Hyundai trucks, Belarusian MT3-82,3 model tractors, as well as other heavy machinery that are supplied from Armenia and elsewhere and utilized in mining, agriculture and construction.[234] The agricultural equipment provided to the occupied territories by Armenia in 2014 was twice as more as in the previous year.[235] According to Karen Atayan, who presents himself as "head of production department" of the so-called "Artsakh Agriculture And Rural Development Fund", 60 wheeled tractors of Belarus MT3-82,3 were imported, four of which were given to the tractor stations in various districts and the rest – to individual users on conditions of a financial lease. In addition, 19 units of wheeled tractors' supplementary aggregates (trailers, hay-making machines, hay balers) were purchased and provided to farmers.[236] In 2014, Armenia's oligarch Gagik Tsaroukyan granted to "Araqs" agricultural organization, that operates in the occupied Lachyn and Zangilan districts, 10 units Chin-Van 40,4 wheeled tractors.[237]

124. In 2013, Germany's Deutz Fahr company provided some 30 combines and other agricultural machines to the entities operating in the occupied territories.[238] "The Small and Medium Entrepreneurship Development National Centre of Armenia Fund" (SME DNC of Armenia) provides Belarus-manufactured tractors to the enterprises engaged in agriculture in the occupied territories.[239] In 2013, some 20 farm tractors were provided to the occupied territories and stored in the "Support Fund of Village and Agriculture of the NKR"s equipment storing facility in the occupied town of Shusha.[240] In 2014, an agreement was reached to provide

[230] See "Gagik Tsaroukyan donated 10 units of wheeled tractors to Kashatagh region", *Artsakhpress.am*, 19 January 2015, <http://artsakhpress.am/eng/news/10701/gagik-tsaroukyan-donated-10-units-of-wheeled-tractors-to-kashatagh-region.html>.

[231] See, for example, "Mining Show in Kashen 2014", video footage of the "Caterpillar" tractors and "Hyundai" trucks in "Kashen" mine, <https://www.youtube.com/watch?v=JdPXZq2G-7o>; "The Works In Kashen Entering A Decisive Phase", *Artsakhtert.com*, 05August 2014, <http://artsakhtert.com/eng/component/content/article?id=1539:-the-works-in-kashen-entering-a-decisive-phase\>.

[232] See "Bako Sahakyan visited reserve premise of the Ministry of Agriculture", *Artsakhtv.am*, 14 February 2013, <http://artsakhtv.am/news/show/4495>.

[233] See "The imported foreign combines are in arable lands", *Agrofund.am*, 2013, <http://www.agrofund.am/index.php/en/2013-0508-09-35-09/370-2015-06-21-08-23-33>.

[234] See e.g. "Mining Show in Kashen 2014", video footage of the Caterpillar tractors and Hyundai trucks in "Kashen" mine, <https://www.youtube.com/watch?v=JdPXZq2G-7o>.

[235] See "Gagik Tsaroukyan donated 10 units of wheeled tractors to Kashatagh region", *Artsakhpress.am*, 19 January 2015, <http://artsakhpress.am/eng/news/10701/gagik-tsaroukyan-donated-10-units-of-wheeled-tractors-to-kashatagh-region.html>.

[236] *Ibid.*

[237] *Ibid.*

[238] See "The imported foreign combines are in arable lands", *Agrofund.am*, 2013, <http://www.agrofund.am/index.php/en/2013-05-08-09-35-09/370-2015-06-21-08-23-33>.

[239] "The Byelorussian tractors are already in Artsakh", <http://www.agrofund.am/index.php/en/2013-05-08-09-35-09/296-2014-03-24-05-34-38>.

[240] "The process of importing the Byelorussian tractors is going on", <http://www.agrofund.am/index.php/en/2013-05-08-09-35-09/318-2014-09-20-05-02-15>.

additional 40 tractors of the kind.[241] That equipment is distributed among settlers throughout the occupied territories according to the schedules.[242]

125. Settlement incentives also include financial assistance, diesel fuel for planting and ploughing, interest-free loan and fertilizers, agricultural equipment like disk harrows, seeders, fertilizers, distributors and pesticide sprinklers and other equipment, which is provided by Armenia. For example, Armenian General Benevolent Union (AGBU), through the donation from the Cherchian Family Foundation, in 2013 initiated a program for provision of agricultural equipment to Syrian Armenians settled in the occupied Zangilan district and involved in farming there.[243]

126. Since Armenia is fully deprived of the possibility of attracting the international financial and credit resources to finance illegal activities in the occupied territories,[244] and the businesses in Armenia lack sufficient financial resources themselves,[245] it relies on Armenian diaspora that make donations through charitable organizations or individual contributions.[246] Thus, in 2012, "Artsakhbank CJSC" realized its micro-credit program, worth of $320,000. The funding was provided by investors of Armenian origin from the USA and Canada. As of 2012, some 47 entities benefited from the programme. The bulk of the funding was directed at the implementation of agricultural programmes – veterinary medicine, sheep breeding, fish-breeding, non-perennial plants' growing. Part of it was allocated to stimulate trade. The maximum amount of each credit was $15,000 or its equivalent in Armenian drams.[247]

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[241] See "Belarusian Tractors to be Delivered to Artsakh Soon", *Artsakhtert.com*, 15 March 2014, <http://www.artsakhtert.com/eng/index.php?option=com_content&view=article&id=1396:-belarusian-tractors-to-be-delivered-to-artsakhsoon&catid=6:economy&Itemid=18>; "Next group of Byelorussian tractors will be sent to Artsakh one of these days", *Agrofund.am*, March 2014, <http://agrofund.am/index.php/en/2013-05-08-09-35-09/293-2014-03-09-09-00-43>.

[242] "The imported agro technique is disposed to soil users", <http://www.agrofund.am/index.php/en/2013-05-08-09-35-09/298-2014-04-01-07-41-08>.

[243] See "Syrian-Armenians in NKR Benefit from AGBU Agricultural Program", *AGBU*, 2013, <http://www.agbu.am/en/projectprograms-2/nkr-13-eng/kco-13-eng/kco-director/239-archive-2013/news-13/1853-tractorss-to-syrian-armenians>.

[244] See "Nagorno Karabakh Republic (Artsakh), State Building: Progress Toward Freedom, Democracy And Economic Development", "NKR Office in the USA", (2005), <http://www.nkrusa.org/nk_conflict/assets/nkr-state-building.pdf>; "Programmed Solutions To The Problems", 24 October 2013, *Artsakhtert.com*, <http://artsakhtert.com/eng/index.php?option=com_content&view=article&id=1247:-programmed-solutions-to-the-problems&catid=6:economy&Itemid=18>.

[245] See "Two Thirds Of Armenian Small And Medium Companies Badly In Need Of Financial Resources", 10 July 2015, <http://article.wn.com/view/2015/07/10/Two_Thirds_Of_Armenian_Small_And_Medium_Companies_Badly_In_N/>.

[246] See "Armenian businessmen from Lebanon visit north of Artsakh", *Hetq.am*, 18 September 2012, <http://hetq.am/rus/news/18630/armyanskie-predprinimateli-iz-livana-na-severe-arcakha.html>; "Nagorno Karabakh Investment Fund intends to attract foreign investors", *Caucasus knot*, 21 March 2010, <http://www.kavkaz-uzel.ru/articles/166830>.

[247] See "The Foreign Investments Have Found Their Addressees", *Artsakhtert.com*, 20 June 2012, <http://www.artsakhtert.com/eng/index.php?option=com_content&view=article&id=736:-the-foreign-investments-have-found-their-addressees&catid=6:economy&Itemid=18>.

127. Together with Hayastan All-Armenian Fund's nineteen affiliates around the world, US-based Armenia Fund Inc. has implemented over $120 million-worth of infrastructure development assistance for Armenia and the occupied territories.[248]

128. In February 2015, the delegation headed by the so-called "prime minister" of the separatist regime, Arayik Harutiunyan, visited the United Arab Emirates and Kuwait. The delegation comprised of the so-called "minister of urban planning" of the subordinate separatist regime, Karen Shahramanyan, Executive Director of the "Karabakh Rural Support Fund" Ashot Bakhshiyan and representative of ARF Dashnaktsutiun Central Committee David Ishkhanyan. They had meetings with the Armenian communities in both countries. Artsakh Roots Investment company's programmes that promote agriculture and housing construction in the occupied Kalbajar, Lachyn, Gubadly and Zangilan districts were presented to some businessmen of Armenian origin in the UAE and Kuwait. A.Harutiunyan urged investors to contribute to the programmes through the so-called "Karabakh Rural Support Fund" and "Artsakh Investment Fund". Members of the delegation also had meetings with Armenian ambassadors to Kuwait and the UAE and with clerical leaders of the Armenian communities there to discuss the ways of deepening the cooperation.[249]

129. Many production facilities in the occupied territories process their materials at least partially in Armenia. For example, Sanderk LLC Textile Company (with the capacity of some 10 tons of cotton fabric of 5 types, produced per month) carries out dyeing process of its production in Gyumri (Armenia) and transports the material back to the occupied territories for further processing. Raw material for textile production is supplied from the Central Asia and elsewhere. Based on the agreements with several companies in Yerevan, a substantial part of the products is sold in Armenia. In order to enter foreign markets, the company tries to improve fabric dyeing process. For this purpose, two specialists of the company were sent to China to study the experience of enterprises engaged in textile production. As a result, a preliminary agreement with Chinese specialists was reportedly reached to purchase and install dyeing equipment in the factory. Two employees of the company are currently studying at the Moscow Textile Institute (Russia).[250] Armenia's National Agrarian University opened its branch in Khankandi and later relocated to Shusha,[251] where it trains specialists for agrarian sphere, including in agronomy, animal husbandry, hydro melioration, land management, foodstuff technologies, etc.[252] On 29 October2015, the Government of Armenia adopted a decree to establish a production-and-training facility of this university on the banks of the Araz River in the occupied territories and allocated 73.2 million drams for this purposes. As the Minister of Education and Science of Armenia,

[248] See <http://www.armeniafund.org/about_us/overview.php>.

[249] See "Karabakh delegation had meetings in UAE and Kuwait", *Arka.am*, 3 March 2015, <http://arka.am/en/news/economy/karabakh_delegation_mad_meetings_in_uae_and_kuwait/>.

[250] See "China's experience is being examined for the development of Artsakh textile production", *Artsakhpress.am*, 3 March 2015, <http://artsakhpress.am/eng/news/13579/.html>.

[251] See "Shushi's Investment Guide", <http://ruralarmenia.org/content/investment-guide>.

[252] See <http://anau.am/en/about-us/info>.

Armen Ashotyan, said, "it is for the first time that we launch construction of such a facility in Karabakh, which will help Armenian students to acquire knowledge."[253]

130. Armenia's government structures, affiliated entities and private bodies promote illegal activities by foreign companies in the occupied territories and are aware of their involvement in appropriation of land, water and natural resources in those territories. For example, former Prime Minister of Armenia Tigran Sargsyan actively promoted international and Armenian businessmen to invest into shares of "ArtsakhHEK OJSC".[254] The Forum of Armenian Associations of Europe and the Centre of Agro-Business and Rural Development of Armenia also promote businesses in the occupied territories.[255] According to the "Shushi's Investment Guide" of the Armenia-registered Regional Development Foundation, designed by Business Pareta LLC, "[i]n 2009, the authorities of the NKR and Republic of Armenia, as well as non-governmental organizations and private segments concentrated their attention on the city of Shushi. Shushi puts in a claim on becoming a cultural, educational, tourist centre including both big and small investments".[256]

131. The majority of foreign entities operating in the occupied territories are established and/or run by the Armenians. "ARI" company is registered in Cyprus,[257] operates on the Lebanon capital and consists of public figures and businessmen from Lebanon. Unlike other investment entities, "ARI" was designed specifically to fund resettlement, housing construction and agricultural projects in the occupied Kalbajar, Gubadly, Lachyn and Zangilan districts.[258] The company started its activities in 2010, comprising only 16 investors. As of 2013, they amount to over 150 from different countries, but mostly from Lebanon.[259] The company offers the settlers residing in these districts long term credits on low interest rate and with no taxation or deposits. "ARI"'s business model is based on attracting foreign shareholders to come to contractual relations with it and lend money for the fixed interest-rate. "ARI" gives those funds to local organizations accredited by the subordinate separatist regime at an increased rate. The organizations in their turn allocate financial resources to the borrowers, usually to the settlers, to fund their economic enterprises with subsidized interest-rate. The whole credit process of "ARI" is allegedly "guaranteed" by the subordinate separatist regime, to present the

[253] See "On the banks of Araks in Karabakh will be built production facility for students-agronomists", *News.am*, 29 October 2015 (in Russian language), <http://news.am/rus/news/293299.html>.

[254] See "Armenian PM urges to 'bravely' buy shares of Artsakh Hydropower Plant", *Mediamax.am*, 5 October 2011, <http://www.mediamax.am/en/news/business/2731/>.

[255] See "Public Radio of Armenia: European businessmen willing to invest €50 mln in Artsakh", *Armradio.am*, 9 April 2014, <http://www.armradio.am/en/2014/04/09/european-businessmen-willing-to-invest-e50-mln-in-artsakh/>.

[256] See "Shushi's Investment Guide", <http://ruralarmenia.org/content/investment-guide>.

[257] See "Delegation of Lebanese businessmen to visit Artsakh", *Mediamax.am*, 31 August 2012, <http://www.mediamax.am/en/ news/karabakh/5683/>; <https://i-cyprus.com/company/394434>.

[258] See "Artsakh President received 50 Lebanese businessmen", *Artsakh.tv*, 3 September 2012, <http://www.artsakh.tv/en/ news/show/3853>.

[259] See "The Future of Historical Berdzor Is More Than Promising", *Artsakhtert.com*, 22 July 2013, <http://artsakhtert.com/eng/index.php?option=com_content&view=article&id=1111:-the-future-of-historical-berdzor-is-more-than-promising&catid=6:economy&Itemid=18>; <http://www.ariroots.com/?p=1141>.

investments as "risk-free".[260] According to the so-called "prime minister" of the subordinate separatist regime Ara Arutyunyan, thanks to "ARI", hundreds of families in the "Kashatakh" and "Shaumyan" "regions" used those credits and solved their social problems.[261] In 2011-2014, "ARI 2 Ltd." and "ARI 3 Ltd." entities, registered in Cyprus[262] were established to fund resettlement efforts in the so-called "Kashatagh region".[263]

132. Although the Executive Director of "ARI" Benjamin Bjjakchyan claims that "[o]ur goal is not to make a profit, but to populate the regions and to create normal living and working conditions for the people"[264], from "ARI"'s business model it is obvious that the company's shareholders are gaining profit from funding the illegal activities in the occupied territories by lending funds to "ARI" for the fixed interest-rate, which are then re-lended to borrowers at an increased rate.

133. There are a number of foreign entities that profit from the occupation by conducting routine commercial activities with Armenian companies operating in the occupied territories.[265] Many of them are run by the Armenians or based on Armenian capital.[266] Among them are "Karabakh Telecom CJSC" – telecommunication; "Ata-Vank-Les CO" (USA) – parquet tile production; "Sirkap Armenia CO" (Switzerland) – hotel business and construction material production; "Haik Watch And Jewellery CO" (Switzerland) – jewellery production; "Arvard CO" (USA) – dairy production; "Shishmanian Ltd." (Monaco) – food processing, pasta production; "Andranik Shpon CO" (Switzerland) – wood processing; "Mika Ltd." (U.K.) – wine making; "Australia Nairi Ltd." (Australia) – hotel business; "Yerkir Tour CO" (USA) – hotel business; "Sasun CO" (Iran) – polyethylene pipe production; "Minasian CO" (USA) – carpet production; "Artsakh Gorg Ltd." (USA) – carpet production.[267] According to 2002 reports, Slovakian, Czech and Austrian businesses, including Slovakian Abb Company,[268] invested in hydroelectric power plant with the capacity of 6 megawatts in the occupied territories.[269] Bulgarian

[260] See "Artsakh Roots Investment", <http://www.agrofund.am/index.php/en/2013-04-30-05-45-41>.

[261] See "Armenian businessmen from Lebanon visit north of Artsakh", *Hetq.am*, 18 September 2012, <http://hetq.am/rus/news/18630/armyanskie-predprinimateli-iz-livana-na-severe-arcakha.html>.

[262] See <https://i-cyprus.com/company/429142>.

[263] See <http://www.ariroots.com/?p=1141>.

[264] See "The Future of Historical Berdzor Is More Than Promising", *Artsakhtert.com*, 22 July 2013, http://artsakhtert.com/eng/index.php?option=com_content&view=article&id=1111:-the-future-of-historical-berdzor-is-more-than-promising&catid=6:economy&Itemid=18.

[265] As of January 2016, some 160 enterprises with foreign participation are reportedly operating in the occupied territories. See "Interview of the Minister of Economy of NKR: Economy of Artsakh has agrarian direction", *News.am*, 6 January 2016, <http://news.am/rus/news/302562.html>.

[266] See "Dispelling The Fears Of Diaspora Investors: Ameria Group Supports Investing In Armenia & Artsakh", *Asbarez.com*, 12 May 2012, <http://asbarez.com/102938/dispelling-the-fears-of-diaspora-investors-ameria-group-suppors-investing-in-armenia-artsakh/>.

[267] See "Major Investments in the NKR Economy (1999-2002)", "NKR Office in USA", <http://www.nkrusa.org/business_economy/major_investments.shtml>.

[268] See "Investors from Slovakia, Czech Republic to implement projects in Armenia, Artsakh", *Panarmenian.net*, 4 February 2011, <http://www.panarmenian.net/eng/economy/news/60782/>.

[269] See "Slovak Official Says Karabakh is Democratic State", *Asbarez.com*, 14 February 2012, <http://asbarez.com/100999/slovakofficial-says-karabakh-is-democratic-state/>.

Rodina – Haskovo JSC provided wine-making equipment for the "Stepanakert Brandy Factory CJSC".[270] In May 2012, the US-based Synergy International Systems, operating in Armenia since 1999 and offering package of software and services for data processing, opened its branch in Khankandi.[271]

134. In 2009, Armenbrok OJSC, a specialized investment company on Armenia's capital market, placed 861,652 common registered equities of "ArtsakhHEK OJSC" for a total of 904.6 million drams, thus completing the initial public offering (IPO) for "ArtsakhHEK OJSC". 1,023 investors participated in the placement, including individuals and legal entities from Armenia, the USA, Switzerland, France, Slovakia, Australia, Russia, Iran, and the UAE.[272]

135. In July 2014, a group of Armenian businessmen from California (USA), led by the Chairman of the Armenian Revolutionary Federation's Western US Central Committee, Viken Hovsepyan, visited the occupied territories to explore investment opportunities there.[273]

136. Armenian and foreign private businesses provide investments in exchange for the shares in the sectors that they invest into. Thus, Vartan Sirmakes, a businessman from Switzerland and a founder, co-owner and CEO of Swiss Franck Muller Watchland company is a major shareholder of "ArtsakhHEK OJSC". He is also financing the construction of infrastructure, including fish growing plant, built by Golden Fish company for producing black caviar near Madagis village in the occupied part of the Tartar district.[274] As noted above, he is a holder of 66.3 per cent of shares of "Artsakhbank CJSC", operating in the occupied territories, and also a founder and owner of 80 per cent shares of Armenia's Armswissbank CJSC (the other shareholder owning 20 per cent of shares is The Netherlands registered Beleggingsmaatschappij Jongo B.V).[275] These are the entities through which Sirmakes is channelling the funds for the projects. Armswissbank CJSC is also responsible for emission of shares of "ArtsakhHEK OJSC"[276] and is directly involved in promoting foreign investments in that entity.[277]

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[270] See "Artsakh Brandy Company" promotion video at <www.youtube.com/watch?v=BJnGE_1X2_k>.

[271] See "Synergy International Systems opens branch in Nagorno-Karabakh", 17 October 2012, <https://telecom.arka.am/en/news/business/synergy_international_systems_opens_branch_in_nagorno_karabakh/>.

[272] See "Armenbrok Armenian company places 861,652 common registered equities of Artsakh hydro power plant for 904.6mln drams", *Arka.am*, 28 May 2009, <http://arka.am/en/news/economy/14984/>.

[273] See "Calif. Armenian Business Leaders Explore Investment Opportunities in Artsakh", *Asbarez.com*, 9 July 2014, <http://asbarez.com/124804/calif-armenian-business-leaders-explore-investment-opportunities-in-artsakh/>.

[274] See "Prime Minister got acquainted to the process of infrastructures' construction for producing black caviar", *News.am*, 26 October 2014, <http://news.am/eng/news/236159.html>. "Mataghis' Fish Breeding Enterprise Expected to Begin Exports within 3 Years", *Artsakhpress.am*, 13 June 2015, <http://artsakhpress.am/eng/news/20570/the-fish-breeding-enterprise-of-mataghis-will-exportfish-wholesale-in-3-years.html>.

[275] See <http://www.armswissbank.am/en/about/gov-bodies/>.

[276] See "Armenian PM urges to "bravely" buy shares of Artsakh Hydropower Plant", *Mediamax.am*, 5 October 2011, <http://www.mediamax.am/en/news/business/2731/>.

[277] See "Guidelines on Investments In "ArtsakhHEK" OJSC's Shares", <http://www.armswissbank.am/upload/Guideline_ENG.pdf>.

137. It should be noted that "ArtsakhHEK OJSC" had more than 1,200 shareholders in 2012. In 2012 figures, the company's share capital amounted to 10.6 billion AMD, only 47.9 per cent of which is allegedly owned by the subordinate separatist regime, the rest being controlled by shareholders. Among the major shareholders is Joseph Oughourlyan, CEO of Amber Capital Investment Management, New York-based hedge fund, who is also a board member of the Armenian General Benevolent Union.[278] He is one of the leading advocates of hydropower production in the occupied territories. His shares in the company's assets make 11.86 per cent.[279] Another major shareholder of "ArtsakhHEK OJSC" is Barsegh Beglaryan, former chairman, and currently the major shareholder of Armenia's Araratbank OJSC.[280] Among shareholders also are Armenia's M-Energo and Zangezur Copper Molybdenum Combine CJSC and Multicontinental (U.K.).[281] All shares issued by "ArtsakhHEK OJSC" are included in the list of stock exchange Nasdaq OMX Armenia.[282]

138. According to Ashot Grigoryan, President of the Forum of Armenian Associations of Europe (FAAE), in 2014, a number of Slovakian and Bulgarian businessmen intended to make investments in Armenia and "Artsakh". In his words, "[a]lthough no investment agreement has been signed between Armenia and Slovakia, European businessmen are ready to invest €50 million for the construction of a hydro power plant in Artsakh".[283]

139. In August 2014, a team of specialists of Genoservice Corp. Ltd. from the Czech Republic visited the occupied territories and concluded an agreement to build a large breeding livestock complex near Talysh village in the occupied part of the Tartar district. At the first phase of the project, a complex for 400 heads of cattle of Holstein tribe was supposed to be constructed. The next stage of the project would include expansion of the complex, as well as the construction of a milk processing plant.[284]

140. In April 2014, Vladimir Mikoyan, representative of the Chamber of Commerce and Industry of the Russian Federation, organized a visit of the so-called director of the "Support Fund of Village and Agriculture of the NKR", Ashot Bakhshyan, to the

[278] See "Building A Budget Base: Targeting Growth In Five Karabakh Industries", Armenian General Benevolent Union, 1 December 2012, <http://agbu.org/news-item/building-a-budget-base-targeting-growth-in-five-karabakh-industries/>.

[279] See "Reliable Income For Investors Provided", *Artsakhtert.com*, 5 May 2012, <http://artsakhtert.com/eng/index.php?option =com_content&view=article&id=656:-reliable-income-for-investors-provided&catid=6:economy&Itemid=18>.

[280] See <https://www.araratbank.am/upload/up_files/Majorsharcholders2015eng.pdf>.

[281] See Victor Feshenko, "Made in Artsakh: How Businessmen Brought Up from the Knees Unrecognised Republic", *Secretmag.ru*, 14 October 2015, <http://secretmag.ru/longread/2015/10/14/artsakh-epic/> (in Russian language).

[282] See "Artsakh HPP OJSC to increase its production volume. This year it is expected to provide 65% of electricity consumption", *Artsakhpress.am*, 17 June 2014, <http://artsakhpress.am/eng/news/2497/.html>.

[283] See "European businessmen willing to invest €50 mln in Artsakh", *Public Radio of Armenia*, 9 April 2014, <http://www.armradio.am/en/2014/04/09/european-businessmen-willing-to-invest-e50-mln-in-artsakh/>.

[284] See "A modern livestock complex will be built in Artsakh by means of the European investment", *Artsakhpress.am*, 15 August 2014, <http://artsakhpress.am/eng/news/4095/a-modern-livestock-complex-will-be-built-in-artsakh-by-means-of-the-europeaninvestment.html>.

Czech Republic to attend the International Agriculture Exhibition in Brno, which showcases agricultural machinery, agricultural products, seeds and other agriculture-related products.[285] Within the framework of the visit, Bakhshiyan had business meetings with the representatives of major financial institutions and companies of the Czech Republic, as well as with a number of private entrepreneurs and representatives of the Armenian community to discuss the issues related to the development of agriculture in the occupied territories.[286]

11. Exporting and selling of goods unlawfully produced in the occupied territories

141. A number of businesses were established in the occupied territories to manufacture and export settlement produce, raw materials and natural resources from those territories. The subordinate separatist regime is highly dependent on their performance.[287] According to the Armenian own statistics, as of 2013, some 2566 entities in total were engaged in trade in the occupied territories.[288] Of them, 391 are registered as legal persons, whereas the majority – 2,175 – as individual entrepreneurs.[289] Among them are "Artsakhkat CJSC" (dairy production), "Artsakh Footwear-Sewing Manufacturing Union CJSC" (footwear and clothing Manufacturing), "Desa Trade CO Ltd." (furniture manufacturing), "Dvin Poultry Factory CO Ltd." (poultry production), "Energy Plus CO Ltd." (mining), "Gev Group CO Ltd., (manufacturing of textiles), "Gf Furniture Factory CO Ltd." (furniture manufacturing), "Kapavor CO Ltd." (concrete production, construction), "Metakskombinat CO Ltd." (textile products), "Mkrtumyan CO Ltd." (winemaking), "Rapeseed Vegetable Oil Plant" (Manufacture of vegetable oil), "Sanderk CO Ltd." (textile, clothing, garments manufacturing).[290]

142. Many of the enterprises are affiliates or wholly owned subsidiaries of Armenia-registered companies or operate on Armenian capital. Among them are Base Metals CJSC, a subsidiary of the Vallex Group CJSC (mining), "Artsakhcable CO" (cable production), "Nairi Ltd." (winemaking), "Lusakert Ltd." (poultry production), "Armtechnomashexport CO" (medicinal tea production), "Max Wood Ltd." (wood processing) and others.[291] To facilitate exports of products from the occupied territories to international markets a number of companies were set up by the Armenians from the diaspora. Among them is the "Artsakh-America Export Import LLC", established in the United States in 2010 by Armenian private

[285] See "Business meetings in Czech Republic and participation in international agricultural exhibition in Brno", <http://www.agrofund.am/index.php/en/2013-05-08-09-35-09/304-2014-04-13-08-25-17>.

[286] See "The Director of the Support Fund of Village and Agriculture of the NKR Ashot Bakhshyan partook in the International Agriculture Exhibition in Brno", *Artsakhpress.am*, 14 April 2014, <http://artsakhpress.am/eng/news/902/the-director-of-the-support-fund-ofvillage-and-agriculture-of-the-nkr-ashot-bakhshyan-partook-in-the-international-agriculture-exhibition-in-brno. html>.

[287] See speech of Bako Sahakyan at the meeting with business representatives, 26 December 2012, <http://www.president.nkr. am/en/speeches/speeches/1926>.

[288] See "Statistical Yearbook Of Nagorno-Karabakh Republic, 2007-2013", *op. cit.*

[289] *Ibid.*

[290] Information was retrieved from "Spyur" online business directory of Armenia at <http://www.spyur.am>.

[291] See "Major Investments in the NKR Economy (1999-2002)", "NKR Office in USA", <http://www.nkrusa.org/business_ economy/major_investments.shtml>.

entrepreneurs from California, which specializes in exports of alcoholic beverage produced in the occupied territories.[292]

143. "Artsakh Fruit CJSC" produces and exports 35 types of products, mainly canned fruits, jams, preserves and vegetable produce. In 2012 figures, annual sales amount to 450-500 million drams.[293] In 2014, "Artsakh Fruit CJSC" purchased about 750 tons of vegetables for processing.[294] Russia is the largest market for the goods produced by the company.[295] Around 90 per cent of goods is exported to Russia, France, Bulgaria, Ukraine, Hungary, Belgium, Germany, the Czech Republic, The Netherlands, and UAE and realized by the major retailers or through the online grocery stores in these countries.[296] According to the company's website, the partners of "Artsakh Fruit CJSC" in Russia are Crown JSC in Moscow, Yugdekor LLC in Krasnodar and others.[297] Some of the products are reported to be shipped to the Abkhazia region of Georgia.[298] The factory is also processing fruits and vegetables from Armenia and operates about 15 per cent of Armenia's agricultural products processing capacity, thus becoming a major contributor to Armenia's exports of agricultural products.[299]

144. The Government of Armenia is supporting and encouraging production and export of the products unlawfully produced in the occupied territories. In August 2014, President Serzh Sargsyan of Armenia visited Tagaverd village in the occupied Khojavand district and got acquainted there with the work of vegetable oil producing plant.[300] In January 2012, he visited the wood processing enterprise and a pellet producing unit in Chanagchy village of the occupied Khojaly district.[301]

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[292] See <http://abc.ca.gov/datport/LQSdata.asp?ID=62896214>.

[293] See "Artsakh fruit plans to expand output by 40 percent", *Arka.am*, 15 October 2012, <http://arka.am/en/news/business/ artsakh_fruit_plans_to_expand_output_by_40_percent/>

[294] See "The Prices for Flour Will Not Increase", *Artsakhtert.com*, 22 July 2014, <http://www.artsakhtert.com/eng/index.php? option=com_content&view=article&id=1521:the-prices-for-flour-will-not-increase &catid=6:economy&Itemid=18>.

[295] See "Photo Story: Russia is Largest Market for Artsakh Fruit and Vegetables", *Hetq.am*, 27 August 2014, <http://hetq.am/eng/news/56225/photo-story-russia-is-largest-market-for-artsakh-fruit-and-vegetables.html>; "Demand for Armenian Canned Fruits and Vegetables Growing in Russia", *Armeniandiaspora.com*, 6 September 2010, <http://www.armeniandiaspora.com/showthread.php?247924-Demand-For-Armenian-Canned-Fruits-And-Vegetables-Growing-In-Russia>.

[296] See "Photo Story: Russia is Largest Market for Artsakh Fruit and Vegetables", *op. cit.*; "Made in Artsakh Label Sometimes Hurts Exports", *Hetq.am*, 8 November 2011, <http://hetq.am/eng/news/6232/made-in-artsakh-label-sometimes-hurts-exportshtml/>; "Vegetables Canned in Karabakh Now Sold in Abkhaz Stores", *Epress.am*, 2 November 2011, <http://www.epress.am/en/2011/02/11/vegetables-canned-in-karabakh-now-sold-in-abkhaz-stores.html>.

[297] See "Products from Azerbaijan receive registration in Armenia", *Vestnikkavkaza.net*, 23 July 2014, <http://vestnikkavkaza. net/news/politics/58059.html>.

[298] See "Vegetables Canned in Karabakh Now Sold in Abkhaz Stores", *op. cit.*

[299] See "Artsakh fruit plans to expand output by 40 percent", *op. cit.*

[300] See "Artsakh and Armenian Presidents got acquainted with the work of Taghavard vegetable oil producing plant", *President.nkr.am*, 31 August 2014, <http://www.president.nkr.am/>.

[301] See "Artsakh Working Visit Of President Serzh Sargsyan To The Republic Of Nagorno Karabakh", *President.am*, 5 January 2012, <http://www.president.am/en/Artsakh-visits/item/2012/01/03/news-02/>.

145. The relevant State agencies of Armenia provide logistical support to Armenian and foreign enterprises operating in the occupied territories to export their products to international markets and organize trips for foreign businessmen to those territories to explore investment opportunities there. According to Armenia's trade representative in Russia, Karen Asoyan, the state agencies of Armenia stand ready to provide any logistical support to the so-called "NKR enterprises" to promote their products in Russia.[302] He organized the visit of the wine experts from Russia to the occupied territories in 2013 to assess the output level and quality of wines produced there.

146. Armenia actively promotes the companies operating in the occupied territories and their products. Thus, a separate pavilion was set up at the exhibition "Made in Armenia Expo- 2015", held in Armenia on 26-28 April 2015.[303]

147. The "Stepanakert Brandy Factory CJSC" operates wine factories in the occupied Khojavand district, Gyrmyzy Bazar village and the town of Khankandi. The factory produces fruit vodkas, mulberry and cornel, brandy and wine. To carry out the production process, the factory procures large amount of grape. Each year it increases the volume of procurement. The declared goal is to gradually increase brandy production to one million bottles annually. According to the company's own data, in 2007 over 5200 tons of grapes were procured, in 2008 – 5800 tons and in 2009 – over 6200 tons.[304] The company has 212 hectares of vineyard. In the occupied territories, the factory procures 70-80 per cent of grape harvest. The plant has the capacity to collect and process some 6,000-6,500 tons of grapes.[305] In 2014, the company collected 2,560 tons of grapes.[306] A considerable part of the procured grape harvest was directed to the production of wine.

148. The wine factories of "Stepanakert Brandy Factory CJSC" in Gyrmyzy Bazar village and Khojavand district mainly provide the realization of grape procurement, production and ageing brandy alcohol by the company, and the wine factory in Khankandi deals mainly with bottling. All the bottling paraphernalia comes from Armenia.[307] For that purpose, a European conveyor with productivity of 2,000 bottles per hour was installed in the factory. For the production of vodkas, the factory sources some of its fruits, in particular apricot and a bit of the cornel from Armenia.[308] The production of "Stepanakert Brandy Factory CJSC" is mainly exported to Russia, particularly to Moscow, as well as to Australia and Belgium. Cuba is said to be soon added to the list.[309] The factory actively cooperates with Yerevan Brandy Factory[310] and supplies it with young alcohol that they distil with

[302] See "Karabakh wines have prospects in Russian market", *Artsakhpress.am*, 28 August 2014, <http://artsakhpress.am/eng/ news/4457/karabakhwineshave-prospects-in-russian-market.html>.
[303] See "Artsakh at 'Made in Armenia Expo – 2015'", 29 April 2015, <http://karabakh.travel/en/news/news-articles/artsakh-at-quotmadein-armenia-expo-2015quot/109/>.
[304] See <http://stepbrandy.com/en/>.
[305] See "Artsakh Brandy Headed for Havana after Winning CUBAEXPO 2014 Competition", *Hetq.am*, 10 December 2014, <http://hetq.am/eng/news/57734/artsakh-brandy-headed-for-havana-after-winning-cubaexpo-2014-competition.html/>.
[306] *Ibid.*
[307] *Ibid.*
[308] *Ibid.*
[309] *Ibid.*
[310] See <http://stepbrandy.com/en/>.

special equipment provided by the Yerevan Brandy Factory.[311] The main retailers of the company's products, listed on the company's webpage, are Dufry Ltd. Switzerland-registered global travel retailer, Russian supermarket chain Moskvichka, "Artsakh-Rus OJSC", A&D Food GMBH (Germany), Noy OU (Estonia), "Artsakh-Italy OJSC" (Italy), Yerevan-registered SAS online supermarket and Yerevan City supermarket chain of Armenia.

149. "Mkrtumian LLC" company, operating production facility near Khankandi, exports products under the "Artsakh Berry" brand. In 2014, the company is said to have processed some 80 tons of vegetables.[312] There are other producers of a smaller size, like the "Kataro" wine production facility in Tugh village in the occupied Khojavand district, which exports its products to Armenia and Russia.[313]

150. The Armenia-registered Lousakert Ltd. is operating the poultry factory in the Khojavand district. The factory monopolizes the poultry processing market in the occupied territories. Every month some 23,000 to 27,000 chicks reportedly raised in incubators in Georgia are brought there to be raised. The company has an annual turnover of $2 million. Poultry products are mostly sold in local markets and in Armenia's Syunik district.[314]

151. The Armenia-registered Masis Tobacco Ltd., which is part of the Grand Holding Inc., established a tobacco collection centre with capacity of 200 hectares of raw material in the occupied town of Khojaly. It collects tobacco from 75 hectares of tobacco plantations that are being cultivated in the occupied territories, including the occupied parts of the Aghdam district. In order to stimulate tobacco farming, Masis Tobacco Ltd. provides seedlings to the growers, assists with labor costs and diesel fuel expenses. Tobacco farming is water intense enterprise and, in order to help spur development of the tobacco farming sector, old artesian wells are reopened.[315] In June 2014, one of the owners of Grand Holding Inc. Karen Vardanyan said that "[w]e will continue developing Armenia's agriculture by enlarging areas for tobacco – both in Armenia's borderland and in Nagorno-

[311] See "Artsakh Brandy Headed for Havana after Winning CUBAEXPO 2014 Competition", *Hetq.am*, 10 December 2014, <http://hetq.am/eng/news/57734/artsakh-brandy-headed-for-havana-after-winning-cubaexpo-2014-competition.html/>.

[312] See "The Prices for Flour Will Not Increase", *Artsakhtert.com*, 22 July 2014, <http://www.artsakhtert.com/eng/index.php?option=com_content&view=article&id=1521:the-prices-for-flour-will-not-increase &catid=6:economy&Itemid=18>.

[313] See "Made in Artsakh: Kataro Wine Breaks Into Armenian and Russian Markets", *Hetq.am*, 21 May 2014, <http://hetq.am/eng/news/54717/made-in-artsakh-kataro-wine-breaks-into-armenian-and-russian-markets.html>.

[314] See "Artsakh Poultry Factory Director: 'People are starting to prefer local produce'", *Hetq.am*, 12 November 2014, <http://hetq.am/eng/news/57290/artsakh-poultry-factory-director-people-are-starting-to-prefer-local-produce.html>.

[315] See "The Ups and Downs of Tobacco Farming in Artsakh; This Year's Drought Cut into Profits", *Hetq.am*, 25 November 2014, <http://hetq.am/eng/news/57487/the-ups-and-downs-of-tobacco-farming-in-artsakh-this-years-drought-cut-into-profits. html/>.

Karabakh."[316] In October 2015, Bako Sahakyan awarded another owner of Grand Holding Inc. Michael Vardanyan with Anania Shirakatsi Medal.[317]

152. Rugs produced by "Karabakh Carpet LLC" company in the occupied town of Khankandi are transported to Armenia and exported as Armenia's product. "Karabakh Carpet LLC" has production facilities in the occupied town of Shusha[318], Lachyn, Jabrayil districts and Ghuneychartar village in the Khojavand district.[319] The company employs settlers, who moved to the occupied territories from Syria, Armenia, Georgia and Russia. The carpets produced in the factory are transported to the United States for sale. The company also has sales contracts with the firms in Austria, Italy, Egypt and other countries.[320]

153. In September 2013, "Forest LLC" – a wool processing and wool fibre producing company started its operations in the occupied territories. It receives raw material from across the occupied territories, as well as from the Syunik district of Armenia and from Turkmenistan.[321] In 2013, the company received and processed 30 tons of wool. "Karabakh Carpet LLC" is sourcing its wool from this company. The company expands the sales market and has entered into agreements with companies in Armenia and the Russian Federation.[322]

154. In December 2013, "Gev Group LLC", producing textile products, launched its operations in the town of Khankandi. The main consumer of the textile products of the company is the military. Another main customer of the company is "Sanderk LLC", which sells part of the knitwear production in Armenia.[323] "Silk Plant CO Ltd." operates textile, sewing, carpet and wool workshops.[324]

155. In August 2011, an ostrich farm was set up in Kish village in the occupied Khojavand district by Ararat Baghryan and his partners from Yerevan, Armenia. A 25 million AMD loan was provided to this enterprise to sustain the farm to buy the birds from Kenya, transport them to the occupied territories and purchase feed.[325]

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[316] See "Grand Holding to continue developing – owner", *Tert.am*, 5 June 2014, <http://www.tert.am/en/news/2014/06/05/grandholding/1106786>.

[317] See "Karabakh president awards Anania Shirakatsi Medal to Michael Vardanyan", *News.am*, 12 October 2015, <news.am/eng/news/290433.html>.

[318] See "Artsakh President visits Shushi carpet weaving factory", *Panarmenian.ne*, 16 June 2013, <http://www.panarmenian.net/eng/news/162408/>.

[319] See "Colorful Threads and Clattering Looms: Artsakh Carpets Sold Round the World", *Hetq.am*, 28 March 2014, <http://hetq.am/eng/news/53688/colorful-threads-and-clattering-looms-artsakh-carpets-sold-round-the-world.html>.

[320] *Ibid.*

[321] See "This year Forest LLC plans to increase the wool processing volume to 150-200 tons in Artsakh", *Artsakhpress.am*, 23 April 2014, <http://artsakhpress.am/eng/news/1005/this-year-forest-llc-plans-to-increase-the-wool-processing-volume-to-150-200-tonsinartsakh.html>.

[322] *Ibid.*

[323] See "Artsakhian tricot will be exported", *Artsakhpress.am*, 7 August 2014, <http://artsakhpress.am/eng/news/3840/ artsakhiantricot-will-be-exported.html>.

[324] See "Nagorno-Karabakh president visits Silk Plant", *Tert.am*, 29 August 2013, <http://www.tert.am/en/news/2013/08/29/bakosahakyan-silk-factory/851476>.

[325] See "Ostrich Farming in Artsakh: Feasible or Folly?", *Hetq.am*, 31 August 2011, <http://hetq.am/eng/news/3946/ostrich-farming-inartsakh-feasible-or-folly.html/>.

156. The harvested grain collected throughout the occupied territories is processed at "Garny Group CJSC", "Mill CJSC" and "Air Mi Company" mills.[326] California (USA)-based "Hayrenik Miyutyun" (Friends of Armenia) Organisation provided flour mills installed in the occupied territories. It is difficult to determine the actual volume of exports from the occupied territories as the Armenian agricultural and liquors export companies, including "Stepanakert Brandy Factory CJSC" and "Artsakh Fruit CJSC", routinely mislabel the settlement produce wholly or partially produced or packaged in the occupied territories as originating from Armenia, thus misleading governments, international retailers and consumers.[327] For example, although "Stepanakert Brandy Factory CJSC" claims to be "registered" in "62 Tumanyan St., Stepanakert, NKR", almost all of its products, including "Artsakh Mulberry (Silver and Gold Aged)", "Artsakh Apricot", "Artsakh Cornelian", "Berdashen","Madatoff" vodkas, "Shushi Red", "Shushi Dry Pomegranate", "Gishi Rose" wine brand names are exported under the label "Product of Armenia".[328] Although many countries refuse to import such counterfeit products,[329] some of those products find their way to the markets of certain countries. Several Russian and European supermarkets have supply contracts with the Armenian companies or their wholly owned subsidiaries in the occupied territories. In fact, companies benefiting from that trade are complicit with Armenia's occupation of the territories, expansion of illegal settlements, colonization of the territories of Azerbaijan and exploitation of its resources.

12. Extensive exploitation of agricultural and water resources

157. Out of 4.1 million hectares of agricultural lands of Azerbaijan, some 1,226,674 hectares, including139,336 ha of irrigated land, 34,600 ha of vineyards and orchards, remained under the Armenian occupation. Some 1,200 sq. km of the irrigation system, 2,300 km of water pipelines was totally destroyed. 70 per cent of summer pastures of Azerbaijan remain in the occupied territories. Thousands of hectares have fallen in disuse and have been eroded. Before the occupation, these territories were widely known for grape, wheat and other crops cultivation, accounting for some 31.5 per cent of wine and 14.3 per cent of grain production in Azerbaijan. Flock of 244,000 sheep and 69,000 cattle was driven out of the occupied territories to Armenia.[330]

158. The evidence shows that farmlands in the occupied territories, specifically in Zangilan, Gubadly, Jabrayil, the occupied parts of the Fuzuli and Aghdam districts, abandoned by fleeing Azerbaijani population, have been illegally appropriated and

[326] See "The Prices for Flour Will Not Increase", *Artsakhtert.com*, 22 July 2014, <http://www.artsakhtert.com/eng/index.php? option=com_content&view=article&id=1521:the-prices-for-flour-will-not-increase &catid=6:economy&Itemid=18>.

[327] See "Products from Azerbaijan receive registration in Armenia", *Vestnikkavkaza.net*, 23 July 2014, <http://vestnikkavkaza. net/news/politics/58059.html>; "Made in Artsakh Label Sometimes Hurts Exports", *Hetq.am*, 8 November 2011, <http://hetq.am/eng/news/6232/made-in-artsakh-label-sometimes-hurts-exportshtml/>.

[328] See e.g. Lebanese Arak Corporation, <http://lacproducts.com/wines_armenian.php>; "Made in Artsakh Label Sometimes Hurts Exports", *Hetq.am*, 8 November 2011, <http://hetq.am/eng/news/6232/made-in-artsakh-label-sometimes-hurts-exportshtml/>.

[329] See "Made in Artsakh Label Sometimes Hurts Exports", *Hetq.am*, 8 November 2011, <http://hetq.am/eng/news/6232/made -inartsakh-label-sometimes-hurts-exports.html/>.

[330] See UN Doc. A/58/594-S/2003/1090, 13 November 2003.

extensively exploited by Armenia, its companies and the subordinate separatist regime, which grant free concessions to the settlers to exploit those territories. Although it is difficult to find out the exact area of agricultural lands currently being harvested, given the data discrepancy provided by the Armenian own sources,[331] what is certain is that agricultural land used for sowing is expanding annually.[332]

159. The exploitation of the occupied Zangilan and Jabrayil districts along the Araz River is given a particular importance due to their agricultural potential, climate, water and other resources and is referred to by Armenian sources as "Armenia's second Ararat plain".[333] Armenian sources confirm that agricultural programmes for the "southern part of the Hadrut region" (i.e. the occupied Jabrayil and part of the Fuzuli districts) are much more comprehensive.[334]

160. In April 2011, Bako Sahakyan made an inspection visit to the construction sites of a new hospital being built in Lachyn and the "Syunik-2" hydropower station near Zabukh village. In Khanlyg village he acquainted with the work of the "Kashatagh" agro-technical station. Sahakyan also inspected the work of the greenhouse farming in Alibayli village, the production of briquettes in Minjivan town and the sheep farm in Chopdere village of the occupied Zangilan district. He noted the "importance of developing small and medium business in the southern section of the Kashatagh region from both economic and social viewpoints".[335]

161. A businessman of Armenian origin from an unidentified country has reportedly started growing cotton in the occupied territories (presumably the occupied Zangilan or Jabrayil districts) on the territory of 2,000 ha. A special pumping station has been built to pump water from the Araz River to these cotton fields. He is reported to be relocating a cotton processing plant, covering 5.5 ha, to these territories, and in the future, plans to build a factory to produce textile products.[336]

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[331] See e.g. "The Policy In The Agrarian Sphere Justifies Itself And Will Be Efficiently Continued In The Coming Years", *Artsakhtert.com*, 17 July 2012, <http://www.artsakhtert.com/eng/index.php?option=com_content&view=article&id=762:-the-policy-in-theagrarian-sphere-justifies-itself-and-will-be-eefficiently-continued-in-the-comingyears&catid=6:economy&Itemid=18 > and data provided by "Statistical Yearbook Of Nagorno-Karabakh Republic, 2007-2013", *op. cit.*

[332] See "Spring Sowing Implemented by 80 Percent", *Artsakhtert.com*, 20 May 2013, <http://artsakhtert.com/eng/index.php?option=com_content&view=article&id=1066:-spring-sowing-implemented-by-80-percent &catid=6:economy&Itemid=18>.

[333] See "Restructuring programs of Karabakh's liberated regions continue by efforts of Diaspora", *Artsakhpress.am*, 18 March 2015, <http://artsakhpress.am/eng/news/14584/restructuring-programs-of-----karabakh%E2%80%99s-liberated-regions-continue-byefforts-of-diaspora.html>; "Karabakh president conducts working meeting in Hadrut", *Tert.am*, 19 January 2013, <http://www.tert.am/en/news/2013/01/19/bako-sahakyan/679408>.

[334] See "Ambitious Projects that Have Real Grounds", *Artsakhtert.com*, 6 April 2012, <http://www.artsakhtert.com/eng/index. php?option=com_content&view=article&id=621:-ambitious-projects-that-have-real-grounds&catid=6:economy&Itemid=18>.

[335] See Press release by the "Central Information Department of The Office Of The Artsakh Republic President", *Artsakhtoday.com*, 29 April 2011 <http://www.artsakhtoday.com/?p=3225&lang=en>.

[336] See "Cotton cultivation has started in the Nagorno-Karabakh", 6 November 2015, <http://nkr-news.com/arcakh/ vnagornomkarabahe-nachali-kultivirovat-hlopok.html> (in Russian language).

162. According to the Tufenkian Foundation, "[t]he liberated territories of Artsakh possess abundant, fertile land, ideal for cultivation of fruits and grains."[337] In 2000, six hectares of land have been devoted to pomegranate cultivation near the "Arajamugh" settlement in the occupied Jabrayil district of Azerbaijan, managed by the Tufenkian Foundation.[338]

163. In May 2013, Bako Sahakyan visited the "Araks branch" of the "Hadrut Agroeconomy CJSC" operating in the occupied Zangilan district. According to him, the existence of such an infrastructure in the Araz Valley would promote the development of the area that has a great agricultural potential, which in its turn would have a substantial impact on boosting the whole agro-industrial sector.[339]

164. Agricultural equipment and services in the occupied territories, including ploughing, cultivation, grain, maize, potato sowing, harvesting fertilizer dispersion, laying canals, bulldozer works etc., are generally provided by "Agriculture Number 1 CJSC", which has assembly point of its equipment in Pirlar village of the occupied Khojaly district and in Khanlyg village in the occupied Gubadly district,[340] "Machine And Tractor Station CJSC", which operates in the occupied town of Khojavand,[341] and "Martakert's Agricultural Services CJSC", operating in the town of Aghdara.[342] "Greenhouse Farming CJSC", located in Khankandi, provides greenhouse cultured plants and refrigerator services.[343] Those enterprises were established by the "Support Fund of Village and Agriculture of the NKR", operating since 2007, through the funding of Hayastan All-Armenian Fund.[344]

165. In 2013, Tufenkian Foundation initiated greenhouse cultivation near Alibayli village in the occupied Zangilan district of Azerbaijan. With the co-sponsorship of the Armenian Community Council (ACC) of Great Britain, two greenhouses with a total area of 480m2 were built. In 2014, some 1,873 kg of tomatoes were harvested.[345]

166. In March 2012, Bako Sahakyan held a working meeting in the "southern wing of the Hadrut region" to discuss issues of "ameliorating demographic situation", developing the spheres of agriculture and irrigation. He considered those three directions closely interrelated, adding that drawbacks in each would have a negative impact on the rest.[346]

167. In November 2012, the so-called "prime minister" of the separatist regime Ara Haroutyunyan said that "Kashatagh" is not for bargain and that the region is an

[337] See <http://www.tufenkianfoundation.org/?laid=1&com=module&module=menu&id=315>.
[338] *Ibid.*
[339] See "Artsakh leader visits Kashatagh region", *Panorama.am*, 16 May 2013, <http://www.panorama.am/en/region/2013/05/16/arcakh-president/?sw>.
[340] See <http://www.agrofund.am/index.php/en/2013-04-30-05-45-38/2013-04-30-05-45-39>.
[341] See <http://www.agrofund.am/index.php/en/2013-04-30-05-45-38/2013-04-30-05-45-42>.
[342] See <http://www.agrofund.am/index.php/en/2013-04-30-05-45-38/2013-04-30-05-45-41>.
[343] See <http://www.agrofund.am/index.php/en/2013-04-30-05-45-38/2013-04-30-05-45-43>.
[344] See <http://www.agrofund.am/index.php/en/about-us>.
[345] See <http://www.tufenkianfoundation.org/?laid=1&com=module&module=menu&id=310>.
[346] See "In the center of attention – the southern part of Hadrut region", *Artsakhtoday.com*, 26 March 2012, <http://www. artsakhtoday.com/?p=13728&lang+en>.

"inseparable part" of the "Republic of Artsakh".[347] Regarding the economic development of the region, Haroutyunyan singled out the mining sector and the relatively beneficial conditions that exist for growth in the agricultural sector. He also informed of the plans to build three more hydro-electric plants in addition for the two already in operation.[348]

168. According to the Armenian sources, in 2014, some 1,000 tons of vegetables and melons were produced in "Kashatagh region".[349] For comparison, in 2013, total output of vegetable production in all the occupied territories was said to be 8725 tons.[350]

169. According to the Armenian statistics for 2013, of total sown area of 63,319 hectares, around 93 per cent (58,687 ha) was sown with grain.[351] More than one third of that cultivated area is in the occupied Lachyn, Jabrayil and Zangilan districts. If in 2009 grain sowing was carried out on 10,673 hectares in the "Kashatagh region",[352] by 2013that figure doubled. According to the so-called "deputy head of Kashatagh administration", Artush Mkhitaryan, in 2013, there was 20,000 ha of wheat sown area in "Kashatagh", which constitutes around 34 per cent of total sown area in the occupied territories.[353] He also said that the wheat sown area in "Kashatagh" is very important in respect of food security of Armenia and "Artsakh".[354]

170. The development of agriculture in the occupied territories is used not only for economic, but also for demographic reasons.[355] The settlers in the occupied territories admit that if one lives there, they have two options – either to serve in the army or work in agriculture.[356] In fact, illegal settlements in the occupied territories rely primarily on agriculture development and are dependent on access to fertile lands and water resources. That is why Armenia and its diaspora organizations encourage the transfer of Armenian settlers, and more recently of Syrian Armenians, into the fertile lands in the Araz River Valley, in particular into the occupied Zangilan and Jabrayil districts, expecting that land cultivation, including crops and

[347] See "Artskah Prime Minister: Kashatagh an Inseparable Part of the Country", *Hetq.am*, 7 November 2012, <http://hetq.am/ eng/news/20310/artskah-prime-minister-kashatagh-an-inseparable-part-of-the-country.html>.

[348] *Ibid.*

[349] See "So Different And So Alike – From Mataghis To Araxavan", *Artsakhtert.com*, 25 February 2014, <http://artsakhtert.com/eng/index.php?option=com_content&view=article&id=1376:-so-different-and-so-alike-from-mataghis-to-araxavan&catid=6:economy&Itemid=18>.

[350] See "Statistical Yearbook of Nagorno-Karabakh Republic, 2007-2013", *op. cit.*

[351] *Ibid.*

[352] See "NKR: To Increase the Private Sector of Economy", *Armeniandiaspora.com*, 8 April 2010, <http://www.armeniandiaspora.com/>.

[353] See "Kashatagh is important in respect of food security of Armenia and Artsakh, says official", *Panorama.am*, 20 April 2013, <http://www.panorama.am/en/analytics/2013/04/20/qashatax/>.

[354] *Ibid.*

[355] See "New Approaches in the State Policy of Agricultural Support", *Artsakhtert.com*, 23 January 2013, <http://artsakhtert.com/eng/index.php?option=com_content&view=article&id=907:new-approaches-in-the-state-policy-of-agricultural-support&catid=6:economy&Itemid=18>.

[356] See "Artsakh Farmer: 'Here you can either serve in the army or work in agriculture'", *Hetq.am*, 5 December 2014, <http://hetqam/eng/news/57665/artsakh-farmer-here-you-can-either-serve-in-the-army-or-work-in-agriculture.html>.

other vegetable growing and agricultural exports, will generate sufficient revenue for the settlers to stay and expand their communities.[357]

171. In 2013 alone, the "Support Fund of Village and Agriculture of the NKR" prepared for cultivation some 1284 hectares of arable land in the "south of Hadrut region" (i.e. the occupied Jabrayil district). It was planned to make arable more than 2.000 hectares of lands and build 1,000 houses for settlers in Khanlyg village in the occupied Gubadly district.[358] Syrian Armenian settlers experienced in cultivation of olives, mandarins, oranges, kiwis and pistachios in Syria, also practice those fruits in the arid lands along the Araz River.[359] In 2013, Armenian General Benevolent Union designed a special programme and invested some $120,000 to provide Syrian Armenians settled in the occupied Lachyn and Zangilan districts with agricultural equipment.[360]

172. The state organs of Armenia are directly involved in the planning and execution of the joint programmes designed to increase the size of agricultural settlements in the occupied territories. In September 2013, Prime Minister of Armenia, Tigran Sargsyan, Minister of Agriculture of Armenia, Sergo Karapetyan, and the so-called "minister of agriculture" of the subordinate separatist regime Andranik Khachatryan visited the occupied territories to meet with the "Support Fund of Village and Agriculture of the NKR" and discuss developments in the agricultural sector.[361]

173. In November 2013, the President of Armenia S.Sargsyan visited the "southern part of the Hadrut region" (occupied Jabrayil district) and inspected the usage of farmlands in that section of the Araz Valley and the implementation of agricultural programmes there.[362] During his consultations with the agents of the subordinate separatist regime, S.Sargsyan reportedly stressed the importance of the proper

[357] See "Lottery to Assist Artsakh Resettlement", *Asbarez.com*, 29 July 2013, <http://asbarez.com/112177/lottery-to-assist-artsakhresettlement/>; "Agricultural Project Supports Syrian Armenians in Nagorno-Karabakh Republic", Armenian General Benevolent Union, 16 January 2014, <http://agbu.org/news-item/agricultural-project-supports-syrian-armenians-in-nagorno-karabakhrepublic/>; "AGBU Agricultural Program of $120,000 for the Benefit of Syrian-Armenians in NKR", The Armenian Observer, 4 December 2013, <http://www.thearmenianobserver.com/?p=2109>.

[358] "An official visit to Araqs valley", <http://www.agrofund.am/index.php/en/2013-05-08-09-35-09/292-2014-02-19-07-03-33>.

[359] See "Syrian Olives in Artsakh", *Armenianweekly.com*, 2 September 2014, <http://armenianweekly.com/2014/09/02/syrian-olivesartsakh/>;"Syrian-Armenians' Exotic Business in Artsakh", *Repatarmenia.org*, 2012,<http://repatarmenia.org/eng/syrian-armeniansexotic-business-in-artsakh/>.

[360] See "AGBU Agricultural Program of $120,000 for the Benefit of Syrian-Armenians in NKR", *The Armenian Observer*, 4 December 2013, <http://www.thearmenianobserver.com/?p=2109>.

[361] See "The prime minister of RA Tigran Sargsyan visited the support fund of village and agriculture", <http://www.agrofund.am/index.php/en/2013-05-08-09-35-09/239-2013-09-03-12-35-07>.

[362] See "On 14 November Artsakh Republic President Bako Sahakyan together with President Serzh Sargsyan of the Republic of Armenia partook in a working consultation in the southern part of the Hadrout region dedicated to socioeconomic development of the region", *Artsakhtert.com*, 15 November 2013, <http://artsakhtert.com/eng/index.php?option=com_content&view=article&id=1273:-on-14-november-artsakh-republic-president-bako-sahakyan-together-with-president-serzh-sargsyan-of-the-republic-of-armeniapartook-in-a-working-consultation-in-the-southern-part-of-the-hadrout-region-dedicated-to-socioeconomic-development-of-theregion&catid=11:official&Itemid=23>.

implementation of the planned activities, noting that it would substantially contribute to the development of agriculture there.[363]

174. In June 2014, Prime Minister Hovik Abrahamyan of Armenia noted that "[o]ur ministries of agriculture have developed numerous joint programs, and the Government of Armenia stands ready to assist the Government of the Nagorno-Karabakh Republic to make full use of farmland resources."[364] To strengthen ties in agriculture, Abrahamyan gave appropriate instructions to the Minister of Agriculture Sergo Karapetyan. Stressing that any agreement and programme should be consistent with the existing capacities, Abrahamyan assured that they would be implemented as shortly as possible. He continued that the new Government of Armenia would do everything to strengthen "Artsakh" in all spheres. "This should be a priority for us", Abrahamyan concluded.[365]

175. In July 2015, Aram Mkhoyan, a citizen of Armenia, was appointed as so-called "minister of agriculture" of the subordinate separatist regime.[366] He was previously the "adviser" to the so-called "prime minister" of the separatist regime on agrarian issues.[367]

176. In July 2013, a delegation headed by H.Abrahamyan, who was then the speaker of the National Assembly of Armenia, visited the occupied Zangilan district to get acquainted with the implementation of agricultural projects. At the meeting, Bako Sahakyan noted a particular significance of the region since it possessed serious potential for the development of different fields of industry and agriculture, adding that cooperation here would be "mutually beneficial".[368] Minister of agriculture of Armenia, S.Karapetyan, is a frequent visitor in the occupied territories. In July 2012, he visited the breeding station of Khanabad village in the Khojaly district to inspect selection works as well as a new building of the veterinary laboratory. He discussed with the agents of the subordinate separatist regime issues related to agricultural development, including harvest works, using new technologies in agriculture as well as issues concerning further cooperation.[369] In November 2014, the delegation headed by Karapetyan visited the occupied territories again. The purpose of the visit was to discuss joint activities in the spheres of cattle breeding and agricultural machines' maintenance.[370]

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[363] See "Presidents of Armenia and Artsakh participate in consultation on Hadrut region", *Armenpress.am*, 14 November 2013, <http://armenpress.am/eng/news/740127/>.

[364] See "Prime Minister: Armenia's New Government Will Do Everything To Strengthen Artsakh", Official website of the Government of Armenia, 25 June 2014, <http://www.gov.am/en/news/item/7399/>.

[365] *Ibid.*

[366] See "Nagorno-Karabakh PM introduces new agriculture minister", *Tert.am*, 6 July 2015, <http://www.tert.am/en/news/ 2015/07/06/aram-mkhoyan/1726825>.

[367] See <http://gov.nkr.am/en/staff-structure/other/95/>.

[368] See "Artsakh Republic President Bako Sahakyan met in the town of Kovsakan in the Kashatagh region official delegation of the Republic of Armenia", *Artsakhtert.com*, 9 July 2013, <http://artsakhtert.com/eng/index.php?option=com_content&view= article&id=1093:artsakh-republic-president-bako-sahakyan-met-in-the-town-of-kovsakan-in-the-kashatagh-region-official-delegation-of-therepublic-of-armenia&catid=11:official&Itemid=23>.

[369] See "Armenian agricultural Minister is in Artsakh", *Artsakhtoday.com*, 6 July 2012, <http://www.artsakhtoday.com/?p= 20563&lang=en>.

[370] See "Prime Minister received the RA Minister of Agriculture", *Gov.nkr.am*, 7 November 2014, <http://gov.nkr.am/en/ official-news/item/2014/11/07/sergo/>.

177. Seeds of different crops are supplied from Armenia and foreign countries and are generally granted to the farmers at 50-per cent subsidized rates or for free.[371] The Centre of Agro-business and Rural Development of Armenia facilitates the implementation of agricultural development programmes in the occupied territories, including through supporting the activities of the so-called "Fund For Rural and Agricultural Support of the NKR", which facilitates supply of vegetable seeds and agricultural equipment from Armenia and abroad. In October 2013, Director of the Centre of Agro-business and Rural Development of Armenia, G.Sardaryan, and Chief of Staff of the Centre, T.Aroyan, accompanied by the so-called "minister of agriculture" of the separatist regime Andranik Khachatryan, and "director" of the "Fund for Rural and Agricultural Support of the NKR", Ashot Bakhshiyan, visited agricultural enterprises, modern dairy farms, small farms on cattle breeding and greenhouses in The Netherlands. During the visit arrangements on the supply of seeds to the occupied territories were allegedly reached with the Dutch Agrico and Enza Zaden seeds companies.[372]

178. The Armenian Technology Group Inc. (ATG), operating in Armenia, made its "Seed Multiplication Project" available to the settlement farming in the occupied territories. Some 24 settlements in the occupied territories benefited from ATG's seeds program.[373]

179. Given the highly subsidized nature of agriculture in the occupied territories,[374] intensive agricultural production in those territories is heavily dependent on financial assistance and the development of water, power and transport infrastructure. To service the settlements and farming, in particular those in the Araz Valley, with the support of Armenia, about 30 km of power lines were built, pumping stations were installed, artesian water wells and roads were constructed.[375]

180. Of particular concern is the exploitation of water resources. Armenia's occupation of the territories of Azerbaijan allowed it to capture and divert waters of the Araz River and other rivers and their headwaters, and construct artesian wells, pump-stations and irrigation canals for the settlements' use in the Araz Valley and elsewhere or to use their hydropower.[376] According to the Armenian statistics, as of 2013, of total 592.9 thousands hectares of agricultural lands, only 23.3 per cent

[371] See "The Policy In The Agrarian Sphere Justifies Itself And Will Be Efficiently Continued In The Coming Years", *Artsakhtert.com*, 17 July 2012, <http://www.artsakhtert.com/eng/index.php?option=com_content&view=article&id=762:-the-policy-in-the-agrariansphere-justifies-itself-and-will-be-eefficiently-continued-in-the-coming-years&catid=6:economy&Itemid= 18>.

[372] See "The Value of Land is in its Rational Use", *Artsakhtert.com*, 19 November 2013, <http://artsakhtert.com/eng/index.php? option=com_content&view=article&id=1283:-the-value-of-land-is-in-its-rational-use&catid=6:economy&Itemid=18>.

[373] See "Putting Bread on the Armenian Table An Overview of the Seed Multiplication Project", *ATGUSA.org*, <http://www. atgusa.org/seed_project_review.html>.

[374] See "New Approaches in the State Policy of Agricultural Support", *Artsakhtert.com*, 23 January 2013, <http://artsakhtert. com/eng/index.php?option=com_content&view=article&id=907:new-approaches-in-the-state-policy-of-agricultural-support&cati d=6:economy&Itemid=18>.

[375] See "So Different And So Alike – From Mataghis To Araxavan", *Artsakhtert.com*, 25 February 2014, <http://artsakhtert. com/eng/index.php?option=com_content&view=article&id=1376:-so-different-and-so-alike-from-mataghis-to-araxavan&catid=6:economy&Itemid=18>.

[376] See "Discussion of agricultural work", *Artsakhpress.am*, 11 January 2014, <http://artsakhpress.am/eng/news/19/ obsuzhdeniekhodaselskokhozyaiystvenniykh-rabot.html>.

(138,41 thousands ha) were arable.[377] That makes access to and control of water resources, in particular in the occupied Kalbajar, Lachyn, Zangilan and Jabrayil districts, an important factor in the colonial enterprise of Armenia.[378] According to the so-called "spokesperson" of the separatist regime David Babayan, "[...] Nagorny Karabakh is in a position to almost entirely provide for its own environmental security and its water resources, and in this context the Karvachar region [Kalbajar] plays a key role... Therefore, if we lose this region the water security of Karabakh would be under serious threat."[379] In his recent interview, Babayan asserted that "imagine that the enemy again establishes control over Karvachar where our rivers head – rivers such as Arpa and Vorotan that flow into Lake Sevan making up 80 per cent of Armenia's water resources."[380] Faced with water deficiency of the recent years and associated decline in hydro-power generation capacities, [381] Armenia is particularly interested in exploiting water resources for power generation in the occupied territories, in particular in the Kalbajar and Lachyn districts of Azerbaijan, bordering Armenia, to meet its energy needs as well.

181. In April 2013, Bako Sahakyan emphasized the strategic importance of the "Shahumyan region" [Kalbajar], which, according to him, is among the crucial components ensuring military, social and water security of the "Artsakh people". He considered the development of that "region" a national goal of strategic importance.[382]

182. To maximize the use of water resources in the area, most of the Armenian settlements in Zangilan and Gubadly districts are generally established within 1-2 km of the Hakari River, which extends southward from the occupied Lachyn district toward the Araz River Valley.[383]

183. Armenia's ArmWaterProject Company Ltd. directly participates in appropriation of the water resources from the occupied territories and is involved in

[377] See "Statistical Yearbook Of Nagorno-Karabakh Republic, 2007-2013", *op. cit.*

[378] See "Whose Hands on the Spigot? Water Security and the Nagorno Karabakh Conflict", *Streitcouncil.org*, November 2014, <streitcouncil.org/uploads/Whose Hands on the Spigot-Water Security and the Nagorno Karabakh Conflict.pdf>; "Karabakh Frontline Diary", *Hetq.am*, 24 April 2010, <http://hetq.am/eng/news/3880/karabakh-frontline-diary.html>.

[379] See "Water Complicates Karabakh Peace Talks", *IWPR.net*, 17 September 2010, <https://iwpr.net/global-voices/water-complicateskarabakh-peace-talks>.

[380] See "Return of Territories to Azerbaijan 'Impossible' Says Artsakh Spokesperson", *Asbarez.com*, 15 July 2015, <http://asbarez.com/137745/return-of-territories-to-azerbaijan-impossible-says-artsakh-spokesperson/>.

[381] See "Hovik Abrahamyan explains why it was necessary to increase electricity tariff", *Lurer.am*, 25 June 2015, <http://lurer.com/?p=190743&l=en>.

[382] See "On 5 April Artsakh Republic President Bako Sahakyan visited the Shahoumyan region and partook at a festive event dedicated to the 20th anniversary of Karvachar's liberation", *Artsakhtert.com*, 7 April 2013, <http://artsakhtert.com/eng/index.php?option=com_content&view=article&id=1000:-on-5-april-artsakh-republic-president-bako-sahakyan-visited-the-shahoumyan region-and-partook-at-a-festive-event-dedicated-to-the-20th-anniversary-of-karvachars-liberation&catid=11:official&Itemid= 23>.

[383] See "Water Project, Urekan, Karotan & Vardabats Villages, NKR", *ONEArmenia.org*, September 2014, <http://www.onearmenia.org/wp-content/uploads/2014/09/Water-project.-budget-sheet.pdf>.

rehabilitation and construction of the irrigation system in those territories.[384] ArmWaterProject and Cornerstone companies completely re-built 30-km-long canal to bring water to the arable lands in the occupied Jabrayil district.[385] The canal has capacity to drive up to 8 cubic meters of water per second and is capable of providing gravity-flow irrigation for around 5 thousand hectares, which can reach 8-9 thousand hectares with installation of the pumping stations.[386] The canal is fed from the Araz River, which, unlike most of the rivers in the occupied territories, preserves a sufficient flow rate during the summer months.[387] In October 2012, the so-called "prime minister" of the separatist regime Ara Harutyunyan travelled to the occupied Zangilan district to discuss how to resolve the main problem of the region, among which is the lack of water for irrigation.[388] In Talysh village of the occupied part of the Tartar district, a high-capacity pump-station is being constructed to irrigate some 1000 hectare of arable land.[389]

184. In September 2014, director of the ArmWaterProject Company Ltd., Yuri Javadyan, travelled to the occupied territories to meet with A.Harutyunyan and to present a project of the Sarsang water reservoir's water usage for irrigation of some 18,000 hectares of agricultural lands.[390] To note, before the occupation, the water from that reservoir with the capacity of 560 thousand m3 was used to irrigate some 80, 1 thousands hectares in the downstream Tartar, Aghdam, Barda and Goranboy districts of Azerbaijan.

185. Hayastan All-Armenian Fund financed full reconstruction of the water supply system of the town of Lachyn. Within that project, new pumps were installed in each of the six wells, the pumping station was equipped with new and modern equipment and 1115m long water main pipeline was reconstructed. The project also included the rehabilitation of the daily regulation reservoirs and the construction of a nearly 27km long new internal distribution network. The project was completed in 2011. Within the Hayastan All-Armenian Fund's "Shushi" development initiative, the water supply system in the occupied town of Shusha was constructed. That included the rehabilitation of the water purification station, the daily regulation reservoirs, as well as the construction of a new reservoir and distribution network that covered all the districts of the town of Shusha. The project was completed in 2012.[391]

[384] See "Project of Sarsang Water Reservoir's water usage for irrigation presented to Karabakh premier", *Arka.am*, 1 September 2014, <http://arka.am/en/news/economy/project_of_sarsang_water_reservoir_s_water_usage_for_irrigation_presented_to_karabakh_premier>.

[385] See "Ambitious Projects that Have Real Grounds", *Artsakhtert.com*, 6 April 2012, <http://www.artsakhtert.com/ eng/index. php?option=com_content&view=article&id=621:-ambitious-projects-that-have-real-grounds&catid=6:economy&Itemid=18>.

[386] *Ibid.*

[387] *Ibid.*

[388] See "Prime Minister of Nagorno Karabakh Republic Ara Harutyunyan visited Kovsakan", *Artsakhtoday.com*, 10 October 2012, <http://www.artsakhtoday.com/?p=26411&lang=en>.

[389] See "The Prime Minister discussed prospects of Talish's development", *Artsakhpress.am*, 30 May 2014, <http://artsakhpress.am/eng/news/1799/the-prime-minister-discussed-prospects-of-talish%E2%80%99s-development.html>.

[390] *Ibid.*

[391] See <http://www.himnadram.org/index.php?id=24350&lang=1>.

186. In July 2015, CEO of the "M.Energo-L CJSC" Alexander Mamounts informed that, at the initiative and investment of a Swiss businessman Vartan Sirmakes, a new water reservoir is being built at the intersection of the Hakari and Zabukhchay rivers in the occupied Lachyn district. The reservoir's project was designed by the ArmWaterProject Company Ltd., which designed Armenia's all major irrigation systems.[392] It is expected to be the second largest reservoir in the occupied territories, after the Sarsang Reservoir, and will store some 12 million m3 of water. The project envisages the construction of one of the largest among the small hydro power plants built in the occupied territories with power generation capacity of 30 million kW/h.[393] Construction works are expected to be completed in two years. Exploitation of the reservoir is aimed at expanding the irrigation system in those territories. The reservoir will also be used for building fish breeding enterprise.[394] Water resources in the occupied territories are used not only for irrigation, but also for power generation. In 2010, Prime Minister of Armenia, Tigran Sargsyan, inaugurated the "Trghe-1" – the first in a series of hydro-power plants (HPP) of the Chardagly cascade.[395] Besides the "Sarsang HPP" with the capacity of 50 MW, run by "ArtsakhHEK OJSC", a series of smaller hydropower plants were built in the occupied territories. From 2010-2012, "Trghe-1" (3 MW), "Trghe-2" (5.9 MW), "Matagis-1" (4.8 MW) and "Matagis-2" (3 MW) HPPs were put in operation[396] and the total capacity of the "ArtsakhHEK OJSC", managing those facilities, increased by 33.3 per cent and amounted to 66,7 MW, and the annual production capacity increased by 63 per cent and amounted to 170 million kW-h.[397] "Syunik-1", "Syunik-2", "Syunik-3" and "Syunik-4" HPPs were constructed specifically to ensure power supply to the occupied territories of Lachyn, Gubadly and Zangilan districts.[398] The project was implemented by Armenia's ArmWater Project Institute, with the assistance of investors from Armenia and diaspora in the Middle East and Europe. In 2014, "Trghe-3" plant was put into operation with the capacity of 5 MW. In total, along with the "Sarsang HPP", which produces annually an average of 130 million kW/h of electricity, the new hydroelectric facilities in 2014 generated 166.4 million kW/h of electricity (to compare, in 2013 –142.6 million kW/h).[399] According to the Armenian sources, out of 13 hydro-power plants currently in operation, 6 are

[392] See <http://www.hjni.am/main.php?lng=eng&page=works>.

[393] See "Swiss-Armenian businessman will fund the construction of a large dam in Artsakh", *Itv.am*, 24 July 2015, <http://www.1tv.am/en/news/2015/07/24/Swiss-Armenian-businessman-will-fund-the-construction-of-a-large-dam-in-Artsakh/ 20594>.

[394] See "A new water reservoir being built in Kashatagh", *Artsakhpress.am*, 28 July 2015, <http://artsakhpress.am/eng/news/ 23163/anew-water-reservoir-being-built-in-kashatagh.html>; "Nagorno-Karabakh president visits Kashatagh region", *Tert.am*, 23 July 2015, <http://www.tert.am/en/news/2015/07/23/bako-sahakyan/1742653>.

[395] See "Armenian, Karabakh Governments Inaugurate Hydro-electric Station", *Asbarez.com*, 12 April 2010, <http://asbarez.com/79155/armenian-karabakh-governments-inaugurate-hydro-electric-station/>.

[396] See <http://www.artsakhhpp.com/en/>.

[397] See "Artsakh HPP OJSC to increase its production volume. This year it is expected to provide 65% of electricity consumption", *Artsakhpress.am*, 17 June 2014, <http://artsakhpress.am/eng/news/ 2497/.html>.

[398] See "A hydroelectric complex put into operation in Artsakh by foreign investments", *Yerkirmedia.am*, 19 May 2012, <http://www.yerkirmedia.am/mobile/?lan=en&page=news&id=7222>.

[399] See <http://www.artsakhhpp.com/en/>.

functioning in the occupied Lachyn and Gubadly districts, 6 others in the occupied parts of the Tartar and in the occupied Khojavand districts and 1 in the occupied Kalbajar district.[400] In April 2008, China's Guangdong Dabu Water & Electricity Equipment Factory and Guangdzhou Karlson Trading Limited provided hydroelectric generators for "ArtsakhHEK OJSC" worth of $630,000.[401]

187. In July 2012, so-called "minister of agriculture" of the separatist regime, Andranik Khachatryan, confirmed that some 85 combines were delivered from Armenia specifically for the harvest in the "Kashatagh region". AGBU invested around $120,000 for its agriculture program designed to support the Syrian Armenian settlements in the occupied Zangilan district. The funding for the agricultural programmes were channelled in particular through the "Fund for Rural and Agricultural Support of the NKR", operating since 2008, and the "Artsakh Investment Fund". In 2010-2013, "ARI" implemented investment programmes aimed at the development of agriculture in the occupied Kalbajar, Lachyn, Gubadly and Zangilan districts. For three years, some $2 million have been allocated in the agricultural sphere. Wheat and barley were sowed on about 550 hectares of land, and the livestock increased by 1800.[402] The Cafesjian Family Foundation has been financing projects in the occupied territories, including the construction of the "North-South" highway.[403]

188. Tufenkian Foundation has also specifically focused on the resettlement and development of those districts. On 3 March 2015, it announced the completion of the project aimed at supplying water to a cluster of villages – Muganly, Mahruzlu and Khojik – in the occupied Gubadly district, where some 295 settlers reside.[404] The project included the construction and/or reconstruction of 18 water wells, fixing the water pumps near them and the construction of a pipes network to bring water from the basin to the nearby residences. The above-mentioned settlements were chosen specifically because their location in a "prime agricultural belt" that is hoped to become a "hub of resettlement activity".[405]

189. The "Fund for Rural and Agricultural Support" built a depot near the occupied town of Shusha for storage and distribution of farming equipment.[406] The "Hadrut Agroeconomy CJSC" opened its "Araks branch" to service the agricultural production in the occupied Gubadly, Zangilan and Jabrayil districts. Settlers willing

[400] See "Nagorno-Karabakh Republic could accomplish full energy self-sufficiency", *News.am*, 6 August 2015, <http://news.am/rus/news/280180.html> (in Russian language).

[401] See Initial Public Offering Prospectus, ArtsakhHEK OJSC, 18 April 2009, <http://www.armswissbank.am/upload/Azdagir_ AHEK_eng.pdf>.

[402] See "The Future of Historical Berdzor Is More Than Promising", *Artsakhtert.com*, 22 July 2013, <http://artsakhtert.com/eng/index.php?option=com_content&view=article&id=1111:-the-future-of-historical-berdzor-is-more-than-promising&catid=6:economy&Itemid=18>.

[403] See "US based grant maker dedicated to Armenian-oriented philanthropy", <http://www.cafesjianfoundation.com/home.html>.

[404] See "Water Project, Urekan, Karotan & Vardabats Villages, NKR", *ONEArmenia.org*, September 2014, <http://www.onearmenia.org/wp-content/uploads/2014/09/Water-project.-budget-sheet.pdf>.

[405] *Ibid.*

[406] See "President of Artsakh gets acquainted with agriculture assistance fund's depot in Shushi", *Artsakhpress.am*, 24 March 2014, <http://artsakhpress.am/eng/news/681/president-of-artsakh-gets-acquainted-with-agriculture-assistance-fund%E2%80%99 sdepot-in-shushi.html>.

to cultivate crops benefit from access to subsidies, free or cheap land, water and loans with low or no interest rates. The "The Fund for Rural and Agricultural Support" rented 1,200 hectares of land in the Araz Valley for further sub-renting. As of February 2014, about 400 hectares were already distributed among the settlers.[407] In Khanlyg alone, some 10 thousand hectares of farmland were prepared for allocation to settlers.

190. Most of the crops, wheat, barley and corn harvested in the occupied territories are transported to Armenia for domestic consumption and possibly for re-export.[408] According to Arthur Aghabekyan, so-called "deputy prime minister" of the separatist regime, in 2012 alone, some 20,000 tons of grain were transported to Armenia.[409] He also informed that the Armenians from Khankandi "obtained" land in the occupied Aghdam district and were cultivating it. USAID-funded demining activities by Halo Trust[410] are carried out in the occupied territories, including those depopulated of their Azerbaijani inhabitants, in particular around Garikaya and Tezekend villages in the occupied Lachyn district,[411] to make those territories available for agricultural use.[412] According to the USAID/Armenia mission director Karen Hillard, 251 fields have been cleared of mines since 2000, making 27,000 hectares of land available for farming.[413] Many of those lands are provided for the use of Armenian settlers. Those demining activities are carried out amidst the reports that the armed forces of Armenia continue laying mines, specifically along the perimeter of the areas abandoned by fleeing Azerbaijani population, with the obvious purpose to prevent them from returning to their homes. The practice of continuing mine planting in the occupied territories by the armed forces of Armenia has been condemned at the international level.[414]

[407] See "So Different And So Alike – From Mataghis To Araxavan", *Artsakhtert.com*, 25 February 2014, <http://artsakhtert.com/eng/index.php?option=com_content&view=article&id=1376:-so-different-and-so-alike-from-mataghis-to-araxavan&catid=6:economy&Itemid=18>.

[408] See "Lottery to Assist Artsakh Resettlement", *Asbarez.com*, 29 July 2013, <http://asbarez.com/112177/lottery-to-assist-artsakhresettlement/>.

[409] *Ibid*.

[410] See "De-mining Needs Assessment in Nagorno-Karabakh (NK)", Final Report, USAID, 25 September 2013; "Completed and Current USAID Programs in Nagorno-Karabakh, 1998 to date: Nov. 15, 2010", <http://www.anca.org/assets/pdf/misc/ Alexander_Karabakh_aid.pdf>.

[411] See "HALO Trust Completes Karegah Minefield Clearance", *Massispost.com*, 23 February 2015, <http://massispost.com/2015/02/halo-trust-completes-karegah-minefield-clearance/>.

[412] See "Landmine Free "Artsakh" Clears "Karegah" Minefield: Two Fundraisers Planned for U.S.", *Hetq.am*, 20 February 2015, <http://hetq.am/eng/news/58639/landmine-free-artsakh-clears-karegah-minefield-two-fundraisers-planned-for-us.html>.

[413] See "USAID: Karabakh will be completely cleared of mines by 2016", *News.am*, 30 October 2014, <http://news.am/eng/ news/236739.html>.

[414] See "Spindelegger concerned by use of anti-personnel mines in Nagorno-Karabach", Press release by the Austrian Foreign Ministry, 25 September 2013, <http://www.bmeia.gv.at/en/the-ministry/press/announcements/2013/spindelegger-besorgt-ueber-einsatzvon-antipersonenminen-in-berg-karabach/>; "Sharp drop in landmine casualties; but international funding for remaining mine clearance declines", Press Release of Landmine Monitor 2014, 3 December 2014, <http://www.icbl.org/en-gb/news-and-events/news/2014/landmine-monitor-2014-launch.aspx>.

13. Systematic pillaging, exploitation of and illicit trade in assets, natural resources and other forms of wealth in the occupied territories

191. The occupied territories of Azerbaijan are rich in natural resources. There are around 155 deposits of precious stones, minerals and base metals, including deposits of non-ferrous metal ores, gold, mercury, copper, lead and zinc, pearlite and other natural resources.[415] Among them are gold-copper-pyrite deposits in Gyzylbulag, copper-gold, molybdenum deposits in Demirli, Janyatag-Gulyatag (occupied parts of the Tartar district); gold deposits in Soyudlu, Agduzdag, Tutkhum (Kalbajar); gold deposits in Vejnali (Zangilan); lead deposits in Mehmana, Shorbulag (Kalbajar); and mercury deposits in Sarybulag, Agyatag, Levchay, Shorbulag, Qamishli, Aggaya (Kalbajar, Lachyn), Chilgazchay, Narzanly (Lachyn).

192. The occupied territories are also rich in different types of building materials, including face stone, block stone, different types of construction stones, loam, sang-gravel chromite, lime, marble and agate. There are lime and clays deposits in Chobandag, Shahbulag, Boyahmedi (Aghdam); marble deposits in Harovdad and Shorbulag; tuff deposits in Kilseli (Kalbajar); pearlite deposits in Kechaldag (Kalbajar) etc.[416] Furthermore, there are more than 120 mineral water deposits. Among them are Yukhary (Upper) and Ashahy (Lower) Istisu, Bagyrsag and Keshdak in the Kalbajar district; Iligsu and Minkend in the Lachyn district; Turshsu and Sirlan in the Shusha district.

193. Pillage of the occupied territories, including destruction, dismantling of infrastructure, such as notorious stripping of scrap metals, pipes, bricks and other construction materials from the ruins of the Azerbaijani households and public buildings, abandoned by fleeing Azerbaijani population, has been widely reported in the past.[417] If such looting was previously conducted by the individual Armenian settlers and soldiers, this practice is currently replaced with more organized system of pillage, under the direction and control of Armenia, with the scope and the geographic area of that embezzlement dramatically expanded to include also depredatory exploitation and pillage of natural resources and other forms of wealth across the occupied territories.[418]

194. Back in February 1995, the National Academy of Sciences of Armenia opened a geology laboratory in the occupied territories, which worked closely with the Institute of Geological Sciences of Armenia. The laboratory was tasked to investigate and map the natural resources in those territories and put forward

[415] See the fact sheet of the Ministry of Ecology and Natural Resources of the Republic of Azerbaijan, available at <http://www.eco.gov.az/ekoloji-terror.php>; See also UN Doc. A/58/594-S/2003/1090, 13 November 2003; "Armenian Azerbaijan, Nagorny Karabakh Conflict", <http://files.preslib.az/projects/azerbaijan/eng/gl7.pdf>.

[416] See the report "Minerals of Azerbaijan", Ministry of Ecology and Natural Resources of the Republic of Azerbaijan, available at <http://www.eco.gov.az/en/faydaliqazintilar.php>.

[417] See e.g. "Tug-of-war for Nagorno-Karabakh", *BBC News*, 3 June 2000, <http://news.bbc.co.uk/2/hi/programmes/from_our_own_correspondent/775655.stm>; "Norashenik Village Project"<http://www.halotrust.org/case-studies/norashenik-village-project>.

[418] See "The regions of the Nagorno-Karabakh Republic in Figures, 2007-2013" (in Russian language), <http://stat-nkr.am/files/publications/2014/shrjanner_tverov_2014/1_georaf.pdf>; "Russia Seizes Subsoil of Armenia and Karabakh from Oligarchs", *Iragir.am*, 11 October 2013, <http://www.Iragir.am/index/eng/0/country/view/31079>.

proposals for their exploitation.[419] Advisor to Bako Sahakyan on geology issues Grigorii Gabrielyants confirmed that in 1990's Armenia's Vallex Group CJSC was even conducting exploration of oil in the Nagorno-Karabakh region of Azerbaijan. The works were halted because the deposits were not commercially feasible.[420] Mining of the precious minerals and metals, as well as of base metals is one of the main enterprises in the occupied territories.[421]

195. According to the Armenian sources, there are 15 metallic and 51 non-metallic mines, particularly those of construction materials (sand, limestone etc.), in the occupied territories, out of which 48 have "licenses" for development, 13 are being explored and 2 are developed.[422]

196. According to the Armenian sources, exploration/exploitation works are carried out in coal deposits in Chardagly (Tartar district), Narynjlar and Kolatagh villages (Kalbajar district); copper and other non-ferrous metals, including gold deposits located near the villages of Heyvaly, Demirli, Vangli (Kalbajar), Qasapet (Tartar), Gazanchi (Aghdam), Turshsu (Susha), Zardanashen; pyrite deposits near Gyzylgaya, Vangli, Gulyatag, Qasapet. Iron deposits are exploited in Sor and Chardagly. There is a large deposit of rose marble in Harov village near Khankandi, which is also being exploited. Tuff deposits are developed near Vangli village.[423] There is lime pit near the occupied town of Zangilan.[424]

197. Base Metals CJSC, which is a wholly owned subsidiary of the Armenia's Vallex Group CJSC, registered in Liechtenstein,[425] since 2002 has been exploiting Gyzylbulag underground copper-gold mine near Heyvaly village in the occupied Kalbajar district of Azerbaijan (referred to by Armenia as "Drmbon" mine).[426] Predatory exploitation of that mine led to its almost complete depletion. In 2013,

[419] See "Karabagh's Natural Resources", 9 November 2001, <http://hyeforum.com/index.php?showtopic=5521>.

[420] See "Chief geologist of Karabakh: We do not need oil rush", *News.az* , 10 August 2013, <http://news.am/rus/news/166367.html> (in Russian language).

[421] See "On 7 October Artsakh Republic President Bako Sahakyan convoked a working consultation on the activities carried out by the 'Base Metals' company in our republic's mining field", *Artsakhtert.com*, 8 October 2013, <http://artsakhtert.com/eng/index.php?option=com_content&view=article&id=1220:-on-7-october-artsakh-republic-president-bako-sahakyan-convoked-a-workingconsultation-on-the-activities-carried-out-by-the-base-metals-company-in-our-republics-mining-field&catid=11:official &Itemid=23>.

[422] See "Mining Industry: Serious Perspectives or Hard Heritage?", *Ecolur.org*, 30 September 2013, <http://www.ecolur.org/en/ news/mining/mining-industry-serious-perspectives-or-hard-heritage/5345/>.

[423] See "The regions of Nagorno-Karabakh Republic in Figures: 2007–2013" (in Russian language), <http://stat-nkr.am/files/publications/2014/shrjanner_tverov_2014/1_georaf.pdf>.

[424] See "Kovsakan Mayor Hopeful Water Issue Will be Resolved Soon", *Hetq.am*, 29 January 2014, <http://hetq.am/eng/news/ 32235/kovsakan-mayor-hopeful-water-issue-will-be-resolved-soon.html>

[425] See "Armenian Mining Giant To Expand Karabakh Operations", *Azatutyun.am*, 20 March 2012, <http://www.azatutyun.am/ content/article/24522183.html>.

[426] See "Base Metals Launches Second Mine in Artsakh; An Open-Pit Operation", *Hetq.am*, 3 July 2013, <http://hetq.am/eng/ news/27846/base-metals-launches-second-mine-in-artsakh-an-open-pit-operation.html>.

Valeri Mejlumyan, Chairman of the Vallex Group CJSC,[427] predicted that they "have three years left to exhaust Drmbon's remaining ore reserves".[428] The mine has reportedly been processing 350,000 tons of ore annually,[429] producing some 20,000 tons of ore concentrates per annum or 1,200 tons monthly.[430] According to Arthur Mkrtumyan, Director General of Base Metals CJSC and Vice-president of the Vallex Group, as of October 2013, out of 3,2 million tons of total reserves 3 million tons have been extracted.[431] Concentrate is transported to Armenia, where it is further processed by the Armenia-registered Armenian Copper Programme CJSC[432] into gold containing copper and exported to international markets, mainly in Europe.[433] Another Armenian source informs that the ore is refined only once and exported to Germany for further processing.[434] Mkrtumyan confirmed in 2013 that the mine had reserves for another two or two and a half years only.[435]

198. In March 2012, Base Metals CJSC unlawfully acquired "license" for 25 years for exploitation of Demirli open-pit copper and molybdenum mine (referred to by Armenia as "Kashen"), which is located some 15 kilometres east of Gyzylbulag mine and includes the area of Demirli, Gulyatagh and Janyatag villages in the occupied part of the Tartar district.[436] The mine contains around 55-56 million tons of proven ore reserves.[437] As of October 2013, some 1,700-2,000 tons of ore were transported to the plant near Heyvaly village for processing on a daily basis.[438] In order to process it in place,[439] a factory was built nearby to process ore with annual capacity of up to 1,8 million tons, and in the near future it is planned to be expanded

[427] See "Teghout: A Contentious Danish Investment in Armenia", *Civilnet.am*, 26 September 2014, <http://civilnet.am/2014/09/26/pension-denmark-teghout-armenia-investment/#.VcjYKPnd_gY>.

[428] See "Base Metals Launches Second Mine in Artsakh; An Open-Pit Operation", *op. cit.*

[429] See "Mining Industry: Serious Perspectives or Hard Heritage?", *op. cit.*

[430] See "Armenian Mining Giant To Expand Karabakh Operations", *op. cit.*

[431] See "These Mines Are The Most Important Achievements For The Economy Of Artsakh, For Our Company, And For The Region", *Artsakhtert.com*, 31 October 2013, <http://www.artsakhtert.com/eng/index.php?option=com_content&view=article&id=1255:these-mines-are-the-most-important-achievements-for-the-economy-of-artsakh-for-our-company-and-for-the-region& catid=-6:economy&Itemid=18>.

[432] See Base Metals CJSC Financial Statements for the year ended 31 December 2013, <http://bm-old.vallexgroup.am/images/ FS__Base_Metals_2013__eng.>

[433] See "12K Tons of Ore Monthly Extracted from Drmbon Copper-Gold Mine in NK", *Arminfo.am*, 23 April 2010, <http://www.armeniandiaspora.com/>.

[434] See Christian Garbis, "We Are Our Mountains", 7 August 2011, <http://noteshairenik.blogspot.com/2011/08/we-are-our-mountains.html>.

[435] See "Base Metals Launches Second Mine in Artsakh; An Open-Pit Operation", *op. cit.*

[436] See "Artsakh Official: "Base Metals to Operate Kashen Copper Mine for at Least 25 Years", *Hetq.am*, 2 July 2012, <http://hetq.am/eng/news/16173/artsakh-official-base-metals-to-operate-kashen-copper-mine-for-at-least-25-years.html/>.

[437] See "55 Million Tons, And It Is Not The Upper Limit", *Artsakhtert.com*, 2 July 2013, <http://artsakhtert.com/eng/ index.php?option=com_content&view=article&id=1087:-55-million-tons-and-it-is-not-the-upper-limit&catid=6:economy&Itemid=18>; "These Mines Are The Most Important Achievements For The Economy Of Artsakh, For Our Company, And For The Region", *op. cit.*

[438] See "These Mines Are The Most Important Achievements For The Economy Of Artsakh, For Our Company, And For The Region", *op. cit.*

[439] See "Over $70mln invested in Kashen cooper mine in Karabakh so far", *Arka.am*, 10 November 2014, <http://arka.am/en/ news/economy/over_70mln_invested_in_kashen_cooper_mine_in_karabakh_so_far/>.

to process some 3.5 million tons of ore.[440] Mining and Metallurgy Institute CJSC of Armenia with the cooperation of Strathcona Mineral Services Ltd. (Canada) was involved in drawing up the first stage of mine evaluation and exploitation plan in 2012, which envisages extraction of 1.1 million tons of ore by 2016.[441]

199. The Vallex Group CJSC has invested some $130 million in exploitation of the mine that became operational in 2015,[442] i.e. at a time of anticipated depletion of Gyzylbulag mine.[443] The company employs some 1,400 workers, including mining engineers from Armenia, Russia, Republic of South Africa and elsewhere.[444] At least one of the reported source of the investment for this project is VTB Bank (France) SA and VTB Bank (Armenia), which are part of Russia-based VTB Group. According to Base Metals CJSC Financial Statements for 2013, in 2011 a loan agreement for $25 million and in 2013, a loan agreement for $11 million was signed respectively with VTB Bank (France) SA and VTB Bank (Armenia).[445] According to the programme, about 17 million tons of ore will be processed in this mine during the coming 10 years.[446]Armenia supplies energy to the exploitation of the mine through "Sotk-Karvachar-Aterk" high-voltage power grid, which was built specifically for this purpose.[447] In March 2012, Bako Sahakyan held a meeting on issues related to the exploitation of that mine. He underlined the serious expectations from the exploitation of the ore deposit.[448]

200. Aurubis AG (Germany), Zeppelin Baumaschinen GmbH (Germany), through its affiliate Zeppelin Armenia LLC, Strathcona Mineral Services Ltd. (Canada), Atlas Copco (Sweden), Tamrock (Finland), MoAZ (Belarus) and other entities,

[440] See "Base Metals Launches Second Mine in Artsakh; An Open-Pit Operation", *op. cit.*; "Mining Industry: Serious Perspectives or Hard Heritage?", *op. cit*; "These Mines Are The Most Important Achievements For The Economy Of Artsakh, For Our Company, And For The Region", *op. cit.*

[441] See Base Metals CJSC Financial Statements for the year ended 31 December 2013, <http://bm-old.vallexgroup.am/images/ FS__Base_Metals_2013__eng.>.

[442] See "Kashen enrichment plant opened in Martakert region", *Artsakhpress.am*, 26 December 2015, <http://artsakhpress.am/ eng/news/34694/kashen-enrichment-plant-opened-in-martakert-region-photos.html>. "A New Mining Program Is Starting", *Artsakhtert.com*, 19 March 2012, <http://artsakhtert.com/eng/index.php?option=com_content&view=article&id=591:-a-new-mining-programis-starting&catid=11:official&Itemid=23>; "New Mining Complex Inaugurated In Karabakh", *Massispost.com*, 5 January 2016, <http://massispost.com/2016/01/new-mining-complex-inaugurated-in-karabakh/>.

[443] See "Armenian Mining Giant To Expand Karabakh Operations", *op. cit.*

[444] "New Mining Complex Inaugurated In Karabakh", *op. cit.*

[445] See "Teghout's Offshore Labyrinth and Valeri Mejlumyan's Business Empire", *Hetq.am*, 29 April 2014, <http://hetq.am/eng/news/54322/teghouts-offshore-labyrinth-and-valeri-mejlumyans-business-empire.html>.

[446] See "A New Mining Program Is Starting", *Artsakhtert.com*, 19 March 2012, <http://artsakhtert.com/eng/index.php? option=com_content&view=article&id=591:-a-new-mining-program-is-starting&catid=11:official&Itemid=23>.

[447] See "Over $70 mln. invested in Kashen cooper mine in Karabakh so far", *op. cit.*

[448] See "On 19 March Artsakh Republic President Bako Sahakyan convoked a working consultation on issues related to the exploitation of the Tsakhkashen deposit", *Artsakhtert.com*, 20 March 2012, <http://artsakhtert.com/eng/index.php?option=com_content&view=article&id=590:-on-19-march-artsakh-republic-president-bako-sahakyan-convoked-a-working-consultation-onissues-related-to-the-exploitation-of-the-tsakhkashen-deposit&catid=11:official&Itemid=23>.

which are partners of the Vallex Group CJSC, are reportedly providing mining equipment and services for the exploitation of mineral deposits in the occupied territories.[449] Armenia's Armenian Copper Programme CJSC, Mining and Metallurgy Institute CJSC, Flesh Ltd. and Mika Cement CJSC are involved into these activities as well.[450]

201. In October 2014, Gold Star CJSC[451] started the exploitation of the gold mine (referred to by Armenia as "Tundurget") near Vejnali village in the occupied Zangilan district of Azerbaijan.[452] Russia-based Tigom CJSC and Mashzavod Trud OJSC supplied mining equipment for the exploitation of this mine.[453] According to the Armenian sources, a Swiss-Armenian businessman Vartan Sirmakes is funding the project.[454] In May 2013, Bako Sahakyan visited the occupied Zangilan district and inspected on site the implementation of several projects, including exploitation of Vejnali gold mine. He underlined the significance of the mining industry plant for the "Kashatagh region", adding that it would simultaneously solve a number of socioeconomic and demographic issues.[455]

202. In October 2007, GeoProMining Ltd. (formerly known as Stanton Equities Corporation), established by Russia-based Industrial Investors Group (IIG)[456] and registered in the British Virgin Islands,[457] acquired Ararat Gold Processing Plant and established GPM Gold,[458] a subsidiary of GeoProMining,[459] which since then has been extracting lean ore in Soyudlu gold mine (referred to by Armenia as "Zod") in the occupied Kalbajar district.[460] Gold reserves of Soyudlu deposit are estimated at 155 tons (this figure is unlawfully included into Armenia's total gold

[449] See <http://www.bm.am/en/Economic-Activity-Product>.
[450] See <http://www.bm.am/en/About-Us-Partners>.
[451] On 12 March 2012 and 29 June 2012, "Gold Star CJSC" unlawfully acquired "licenses" "IO 103" and "YEU 08" (for 3 and 18 years respectively) for exploration/exploitation of the mineral resources in the occupied Zangilan district of Azerbaijan, including the Vejnali Mining Property.
[452] See Hayk Gazaryan "Mining Industry: Serious Perspectives or Hard Heritage?" *Theanalyticon.com*, August 2013, <http://theanalyticon.com/?p=3666&lang=ru> (in Russian language).
[453] See "Cooperation with Armenia", *Zavodtrud.ru*, 14 June 2013, <http://zavodtrud.ru/2013/06/sotrudnichestvo-s-armeniej/> (in Russian language); "Equipment setup at the Gold Star CJSC, Republic of Armenia", *Tigom.ru*, 25 July 2014, <http://www.tigom.ru/news/6> (in Russian language).
[454] See "Karabakh President attends kindergarten opening", *News.am*, 28 October 2014, <http://news.am/eng/news/236376.html>.
[455] See "Artsakh leader visits Kashatagh region", *op. cit.*
[456] See <http://www.geopromining.com/en/>; <http://www.industrial-investors.com/about/>.
[457] See Nata Dzvelishvili and Tazo Kupreishvili, "Russian Capital in Georgian Business", *IDFI*, May 2015, <https://idfi.ge/public/upload/IDFI/Russian_Capital.pdf>.
[458] See <http://www.geopromining.com/en/our-business/operations/gpm-gold/>.
[459] See "GeoProMining Group gains ground as investment in Armenia grows", *Globalgoldcorp.com*, June 2011, <http://www.globalgoldcorp.com/docs/20110601_ArmeniaMiningJournal.pdf>.
[460] See "Sotq Gold Mine to Be Exhausted In 15 Years?", *Hetq.am*, 7 August 2012, <http://hetq.am/eng/news/17342/sotq-goldmine-to-be-exhausted-in-15-years.html>; "GPM Gold: Zod mine and the Ararat gold extraction plant", *GeoProMining*, <http://www.geopromining.com/en/our-business/operations/gpm-gold/>; "GeoProMining Group gains ground as investment in Armenia grows", *op. cit.*

reserves, which are estimated to be 270 tons[461]). Extracted unprocessed ore is transported for processing to Armenia by rail at a crushing and screening plant and then to Ararat Gold Processing Plant. The company exports 99 per cent of Armenia's total gold exports.[462] In 2013, the company was ranked as the number one taxpayer (7.261 billion AMD) in Armenia. Since 2007, GeoProMining has invested some $260 million into GPM Gold and Agarak Copper-Molybdenum Mine Complex.[463] The money was used to upgrade the extraction technology at the Ararat plant, which was not designed to process the sulphide ores remaining at the Soyudlu deposit. As of April 2014, GPM Gold has been operating a new Albion gold extraction technology from Xstrata Technology (Australia) and supported by Core Process Engineering (Australia)[464] at the Ararat facility, which was designed to significantly increase the extraction coefficient for sulphide-heavy ores from Soyudlu mine.[465] Armenia exported a record 3.6 tons of gold dust in 2014 with a customs value of $82 million. The exports are in the form of dore (a semi-pure alloy of gold and silver usually created at the site of a mine). The alloy contains more than 70 per cent gold. After further refinement, the gold is sold on the London stock exchange. Armenia's gold is exported to Canada. Eight kilograms of exports in 2014 went to Switzerland. To note, Canada first became interested in the region's gold deposits in 1997 when First Dynasty Mines, a Canadian company, purchased shares in the Ararat Gold Processing Plant. The plant was transformed into the Ararat Gold Recovery Company. Indian billionaire Anil Agarwal bought the company in 2002 and sold it to GPM Gold in 2007.[466] A 2012 estimate predicted that with such an extraction rate, the Soyudlu reserve will be exhausted in 15 years.[467]

203. In April 2012, Bako Sahakyan met the delegation of the Estet Jewellery House led by its head and the president of the Armenian Jewellers Association Gagik Gevorkyan. At the meeting, issues related to the development of jewellery industry in the occupied territories were discussed. After the meeting Sahakyan and the delegation attended the ceremony of opening of a jewellery school in Khankandi. Sahakyan called the opening of the school a symbol of successful cooperation with the Estet Jewellery House, which, in his words, "would have a substantial impact on the development of the jewellery industry in Artsakh and its entrance into the international level".[468]

204. A German company Freedom Resources is reportedly exploring ore field (precious metals, nonferrous metals and rare metals) in the occupied Kalbajar

[461] See "Armenia's Gold Exports on the Rise but Revenues Drop", *Hetq.am*, 31 March 2015, <http://hetq.am/eng/news/59358/ armeniasgold-exports-on-the-rise-but-revenues-drop.html/>.

[462] *Ibid.*

[463] See "GeoProMining Group gains ground as investment in Armenia grows", *op. cit.*

[464] *Ibid.*

[465] See "Sotq Gold Mine to Be Exhausted In 15 Years?", *op. cit.*; "GPM Gold: Zod mine and the Ararat gold extraction plant", *op. cit.*

[466] See "Armenia's Gold Exports on the Rise but Revenues Drop", *op. cit.*

[467] See "Sotq Gold Mine to Be Exhausted In 15 Years?", *op. cit.*

[468] See "On 22 April Artsakh Republic President Bako Sahakyan met delegation of the 'Estet' Jewelry House led by head of the organization, president of the Armenian Jewelers Association Gagik Gevorkyan", *Artsakhtert.com*, 22 April 2012, <http://artsakhtert.com/eng/index.php?option=com_content&view=article&id=642:-on-22-april-artsakh-republic-president-bako-sahakyan-metdelegation-of-the-estet-jewelry-house-led-by-head-of-the-organization-president-of-the-armenian-jewelers-association-gagik-gevorkyan&catid=11:official&Itemid=23>.

district, while another German company, Freedom Metals, is conducting exploration of mercury mine near Zulfugarly village in the occupied Kalbajar district.[469]

205. Russian businessmen of Armenian origin Sergei and Nikolai Sarkisovs, owners of Reso-Insurance, which is one of largest insurance companies in Russia, are investing in copper mining near Zardanashen village in the Khojavand district and the gold mining areas in the uplands of the Tutkhum River in the occupied Kalbajar district.[470]According to the information provided by geologist Arman Vardanyan, East West Global Mining Inc. conducts exploration of the gold and molybdenum deposits in Tutkhum mine in the occupied Kalbajar district of Azerbaijan.[471]The mining area of Zardanashen is 3 square kilometres, and is rich in concentrations of copper, lead, cobalt, and nickel. Traces of gold, titanium, and vanadium were discovered too. And gold and silver concentrations were found in the mining areas of the Tutkhum River Valley. In June 2012, Bako Sahakyan visited ore manifestation site in the vicinities of Zardanashen village and got acquainted with the works there.[472]

206. There is a stone processing plant in Harov village near Khankandi, producing a variety of stone products, including blocks, tiles, rose and green marble, and border stones. On average, the plant produces 500 square meters of tiles per month. The products are sold in Armenia. The equipment for that plant was brought from China.[473]

207. The presented evidence shows that there is an illegal traffic in natural resources across the occupied section of the international border between Azerbaijan and Armenia, which is controlled by the armed forces of Armenia. Armenia is a transport base for movement of minerals and other wealth from the occupied territories to international markets. The construction of the Vardenis (Armenia) – Aghdara highway through the occupied Kalbajar district of Azerbaijan is directly linked to the exploitation and pillage of natural resources in the occupied territories and their exports out of those territories to Armenia and elsewhere.[474] The final destination of the road is mining areas in the occupied territories.[475] Minerals are currently being transported to Armenia via the existing road passing through the

[469] See "Mining Industry: Serious Perspectives or Hard Heritage?", *op. cit.*

[470] See "Russian-Armenian billionaire brothers invest in Karabakh", *News.am*, 27 July 2013, <http://news.am/eng/news/ 164437.html>.

[471] See <http://geoexpert.am/profile/arman-vardanyan/>.

[472] See "President of the Artsakh Republic Bako Sahakyan visited ore manifestation site in the vicinities of the Zardanashen village in the Martouni region and got acquainted with the activities carried out there", *Artsakhtert.com*, 17 June 2012, <http://artsakhtert.com/eng/index.php?option=com_content&view=article&id=731:president-of-the-artsakh-republic-bako-sahak yan-visited-ore-manifestationsite-in-the-vicinities-of-the-zardanashen-village-in-the-martouni-region-and-got-acquainted-with-the-activities-carried-out-there&catid=11:official&Itemid=23>.

[473] See "Stone Processing, Artsakh – TRDP Entrepreneur Pavlik Gasparyan", <http://trdp.aua.am/2015/06/29/stone-processingartsakh-entrepreneur-successful-trdp-beneficiary-pavlik-gasparyan/>.

[474] See "Armenian Mining Giant To Expand Karabakh Operations", *op. cit.*

[475] See "Armenia-Karabakh highway construction launches", *Artsakhpress.am*, 14 February 2014, <http://artsakhpress.am/eng/ news/281/armenia-karabakh-highway-construction-launches.html>.

Kalbajar district, which is in poor condition,[476] or via 500 km-long road passing through the occupied Lachyn district,[477] which was reconstructed in 1997 with the financial assistance of Armenian diaspora, particularly that of U.S.-Armenian businessman Kirk Kerkoryan through his Lincy Foundation.[478] It is expected that once the highway is completed, millions of tons of ore will be transported via that much shorter road, with only 116 km from the mining areas to the Sotk train station near the town of Vardenis in Armenia.[479] From Vardenis the ore will be transported by train to the Alaverdi Copper Smelter, also in Armenia, for further processing to export to third countries.[480] The highway's ongoing construction is partially funded by the Vallex Group CJSC, the primary beneficiary of the mining activities in the occupied territories.

208. The new road will also be used to transport coal from the coal mine near Chardagly village in the occupied part of the Tartar district.[481] Since 2013 the coal extracted at that mine has been reportedly transported by Armenia-registered cargo company Hana-Trans LLC via alternative routes to the thermal power plant in Yerevan, which consumes 2,000 tons of coal daily.[482] The coal is brought by trucks to Vardenis (Armenia) railway station and from there to Yerevan by railway. Armenia-registered Energy Plus Ltd. company has been granted by the Government of Armenia a three-year VAT payment deferment to develop this mine.[483] The coal supplies enable operation of two units of the Yerevan power plant with 50 MW capacity each. The energy produced in the plant is for both domestic use in Armenia and for export. The close supervision of that coal mine development by the President of Armenia, who frequently visits the mine (he visited the area twice in 2012, in January and October), points to the importance that Armenia is giving to that enterprise.[484] Thus, in October 2012, the official press release from the office of the President of Armenia informed about the following:

> [...] [t]he Presidents of Armenia and Karabakh visited also the Maghavuz coal mine in Martakert region which has already started to deliver black coal to the Republic of Armenia for the Yerevan Hydro-Power Station, Ltd., which produces electricity in the mixed water-coal regime (through the refurbishment and commissioning of the old power generating units). This investment

[476] See "New Roads, New Questions: Construction of New Armenia-Artsakh highway", *Civilnet.am*, 7 June 2013, <http://civilnet.am/2013/06/07/new-roads-new-questions-construction-of-new-armenia-artsakh-highway/#.VSLHg4HXerU>.

[477] See "New route: Karabakh building second road to Armenia", *Armenianow.com*, 7 November 2011, <http://armenianow.com/karabakh/33013/karabakh_kelbajar_new_road_armenia>.

[478] See "Armenian Mining Giant To Expand Karabakh Operations", *op. cit.*

[479] See "New route: Karabakh building second road to Armenia", *op. cit.*

[480] See "New Roads, New Questions: Construction of New Armenia-Artsakh highway", *op. cit.*

[481] See "Armenian Mining Giant To Expand Karabakh Operations", *op. cit.*

[482] See "Estimation of coal resources in Nagorno-Karabakh will be continued in the next years", *Ecolur.org*, 12 January 2012, <http://www.ecolur.org/en/news/mining/estimation-of-coal-resources-in-nagornokarabakh-will-be-continued-in-the-next-years/ 3404/>.

[483] See "Yerevan thermal power plant will start using coal to produce electricity", *Arka.am*, 26 September 2013, <http://arka.am/en/news/economy/yerevan_thermal_power_plant_will_start_using_coal_to_produce_electricity_/>.

[484] See "Artsakh Working Visit Of President Serzh Sargsyan To The Republic Of Nagorno Karabakh", *President.am*, 5 January 2012, <http://www.president.am/en/Artsakh-visits/item/2012/01/03/news-02/>.

> project, which is important for the energy and mining areas, along with fostering economy will also considerably enhance Armenia's energy security. The Presidents of Armenia and Nagorno Karabakh were informed that a coal-preparation plant will be constructed on the territory of the Maghavuz mine. After familiarizing with the ongoing works and prospective programs of the mine developing company, Presidents Sargsyan and Sahakian wished the company all the best in its future activities.[485]

209. Former Prime Minister of Armenia Tigran Sargsyan is quoted to have said that this programme has a serious national security component and that "[i]t essentially reinforces our energy security and increases flexibility of usage of energy resources". He further added that "[b]esides, a new road will be built tying us with Nagorno Karabakh through which the raw materials will be transported to Armenia". Referring to the above-mentioned investment programme, Sargsyan noted that with it an additional resource will appear in the energy system, which will reduce the cost price of electricity and "... promote the economic growth in 2012", he said.[486] In an interview to the Public TV Company of Armenia, Minister of Energy and Natural Resources of Armenia, Armen Movsisyan, said the following:

> We already know that Nagorno-Karabakh has enough coal for us to restart the old unit of the Yerevan Thermal Power Plant. Two years ago we launched a new unit and suspended the old inefficient one. But later the President instructed us to consider ways to restart the unit and to make it efficient. So, we decided to use the coal from Magavuz.[487]

210. According to the so-called "prime minister" of the separatist regime Ara Harutyunyan, this coal mine is a "big treasure, a resource that will ensure the energy independence of Nagorno-Karabakh and Armenia".[488]

211. President of Armenia is a frequent visitor also to other mines throughout the occupied territories. Thus, in November 2013, Serzh Sargsyan visited the Demirli mining deposit in the occupied part of the Tartar district, exploited by the Base Metals CJSC, and got acquainted with the works there.[489] Those and other facts confirm the existence of a government policy of Armenia directed at the exploitation and pillage of natural resources in the occupied territories of Azerbaijan.

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[485] See "Working visit of President Serzh Sargsyan to the Nagorno Karabakh", *President.am*, 25 October 2012, <http://www.president.am/en/Artsakh-visits/item/2012/10/22/President-Serzh-Sargsyan-Artsakh-working-visit/>.

[486] See "Yerevan thermal power plant to work with Karabakh's coal", *op. cit.*

[487] See "Estimation of coal resources in Nagorno-Karabakh will be continued in the next years", *op. cit.*

[488] *Ibid.*

[489] See "On 13 November "Artsakh Republic President" Bako Sahakyan and President of the Republic of Armenia Serzh Sargsyan attended military maneuvers conducted by the NKR Defense Army at the central part of the republic", *Artsakhtert.com*, 14 November 2013, <http://artsakhtert.com/eng/index.php?option=com_content&view=article&id=1271:-on-13-november-artsakh-republicpresident-bako-sahakyan-and-president-of-the-republic-of-armenia-serzh-sargsyan-attended-military-maneuvers-conducted-bythe-nkr-defense-army-at-the-central-part-of-the-republic&catid=11:official&Itemid=23>.

14. Armenia is profiteering economically and financially from the armed conflict and the military occupation of the territories of Azerbaijan

212. Armenia is profiteering economically and financially from the armed conflict and the occupation of the territories of Azerbaijan, through incorporation of those territories into what is referred to by the Armenian sources as criminal oligarchic system and exploiting and pillaging the natural resources and other forms of wealth of Azerbaijan.[490] There is a clear correlation between the exploitation of resources, including in the occupied Kalbajar, Lachyn, Gubadly, Jabrayil and Zangilan districts, and the uncompromised position of Armenia, unwilling to withdraw its armed forces from the occupied territories of Azerbaijan.

213. The examined evidence reveals that the exploitation of mineral and other economic wealth in the occupied territories is turned into a lucrative business and is the major source of income for Armenia and its subordinate separatist regime in the occupied territories.[491] The most frequently used term by the Armenian observers to describe the system of exploitation of the wealth in the occupied territories, which serves the oligarchs-owned businesses and represents the fusion of political power and economics, is "Bakonomics", highlighting the role of Bako Sahakyan, who was left "in charge" by Serzh Sargsyan to manage the financial and economic flows out of occupied territories.[492]

214. Close connections of businesses operating in the occupied territories with the separatist regime and Armenian officials in Yerevan have been a matter of public repute in Armenia and elsewhere for a long time.[493] Incumbent President of Armenia Serzh Sargsyan and his predecessor Robert Kocharyan entered the politics in Armenia from within the ranks of the separatist regime and transferred their oligarchic networks established in the occupied territories with them to Yerevan.[494] All major business enterprises in the occupied territories are established financed and controlled by Armenian oligarchs with strong personal connections to Serzh Sargsyan and Robert Kocharyan, who reportedly control almost all of the most lucrative sectors and enterprises in Armenia.[495] It is apparent that no business can

[490] See "Artsakh Is An Excuse For Armenian Criminal Oligarchy", *Lragir.am*, 12 October 2013, <http://www.lragir.am/index/ eng/0/comments/view/31086>; "'Bakonomics' Is Destructive for Artsakh", *Epress.am*, 13 March 2015, <http://www.epress.am/en/2015/.../"'bakonomics'-is-destructive-for-artsakh".html>.

[491] See "New War of Armenia", *Lragir.am*, 23 April 2013, <http://www.lragir.am/index/eng/0/society/26900/29701>.

[492] See "'Bakonomics' Is Destructive for Artsakh", *Epress.am*, 13 March 2015, *op. cit.*

[493] See "Armenia: Crisis Spotlights Karabakh Clan", *RFE/RL*, 5 March 2008, <http://www.rferl.mobi/a/1079586.html>.

[494] See "Breaking the Grip of the Oligarchs", Foreign Policy, 5 November 2012, <http://foreignpolicy.com/2012/11/05/ breaking-thegrip-of-the-oligarchs/>; "Armenia: Crisis Spotlights 'Karabakh Clan", *RFE/RL*, 5 March 2008, <http://www.rferl.mobi/a/1079586.html>.

[495] See "Former US Ambassador on Sargsyan's and Kocharian's Political/Economic Pyramids", *Epress.am*, 9 August 2011, <http://www.epress.am/en/2011/09/08/former-us-ambassador-to-armenia-on-sargsyans-and-kocharians-politicaleconomic-pyrami ds.html>; "Vahagn Hovnanyan: Oligarchs have full control of Armenian economy", *Arminfo.am*, 29 July 2014, <http://arminfo.am/index.cfm?objectid=F2F15DD0-1704-11E4-AA5A0EB7C0D21663>; "One Sargsyan, two Sargsyan, three Sargsyan", *Georgiatimes.info*, 24 January 2012, <http://www.georgiatimes.info/en/analysis/70992.html>.

operate in the occupied territories without close connections to the Government of Armenia, which controls those territories militarily, politically and economically.

215. Serzh Sargsyan and his brother Aleksandr Sargsyan are said to dominate gas and fuel market in Armenia and the exports of scrap metal.[496] Among the largest petroleum products importers in Armenia are Mika Goup Ltd. and Flash Ltd., which are closely connected to S.Sargsyan and other high-ranking officials and both run businesses in the occupied territories. One of S.Sargsyan's close friends and ally Michael Baghdasarov is owner of Mika Group Ltd., registered offshore in Jersey Island.[497] He established a wine factory "Hadrout Winnert CJSC" (Hadrut NARC) and a gold and silver jewellery production factory "Mika-Karabakh CJSC", operating in the occupied territories.[498] Barsegh Beglaryan, owner of Flash Ltd. and former chairman and currently major shareholder of Armenia's Araratbank OJSC,[499] is known to have been closely connected to S.Sargsyan and former prime minister of Armenia Tigran Sargsyan.[500] Beglaryan is the founder of "Karabakh Gold CJSC" (now "Stepanakert Brandy Factory"). He also was an initiator of the two wine factories opened in the occupied Khojavand and Gyrmyzy Bazar in 2002.[501] Beglaryanis also one of the major shareholders of the power generation company "ArtsakhHEK OJSC". A Swiss national Vartan Sirmakes, who, as described above, is involved in mining, energy and banking sectors in the occupied territories and is one of the major shareholders of "ArtsakhHEK OJSC", is a business partner of Armenia's Prime Minister Hovik Abrahamyan's son Argam Abrahamyan.[502] Former Prime Minister of Armenia, Tigran Sargsyan, is also one of the shareholders of "ArtsakhHEK OJSC".[503]

216. Ruben Hayrapetyan, President of the Football Federation of Armenia, former member of Armenian Parliament and close ally of Serzh Sargsyan, is reportedly building a new hotel complex in the occupied town of Shusha.[504] Armenian *Zhoghovurd* newspaper wrote in June 2014 that Hayrapetyan had football fields

[496] Simon Payaslian (ed.),The Political Economy Of Human Rights In Armenia: Authoritarism And Democracy In a Former Soviet Republic (New York: I.B. Tauris and Co. Ltd., 2011), p. 205; "One Sargsyan, two Sargsyan, three Sargsyan", *Georgiatimes.info*, *op. cit.*

[497] See "Grounded: National airline carrier's bankruptcy raises issues of ownership", *Armenianow.com*, 12 April 2013, <http://www.armenianow.com/economy/business/45299/armavia_airline_michael_baghdasarov_zvartnots_international_airport>.

[498] See "OJSC NC Rosneft acquires all oil assets of Mika Limited in Armenia", *Arminfo.am*, 9 January 2014, <http://www.arminfo.am/index.cfm?objectid=2607F590-792A-11E3-B02A0EB7C0D21663>; "Bagdasarov Mikhail" <http://www.edenhell.net/en/persons/detail/43913/>.

[499] See <https://www.araratbank.am/upload/up_files/Majorshareholders2015eng.pdf>.

[500] See "Prime Minister against 'Flash' Barsegh. 'doomsday' is coming", *Lurer.com*, 26 April 2013, <http://lurer.com/?p= 95572&l=en>.

[501] See "'Flash' opens wine factories in Karabagh", *Hyeforum.am*, 9 November 2002, <http://hyeforum.com/index.php?showtopic=5592>; <http://viparmenia.com/vb/268708-post61.html>.

[502] See "Armenian Prime Minister Declares 'War on Corruption', Then Visits Son's Business Partner", *Hetq.am*, 28 July 2015, <http://hetq.am/eng/news/61769/armenian-prime-minister-declares-war-on-corruption-then-visits-sons-business-partner.html>.

[503] See "Armenian PM urges to 'bravely' buy shares of Artsakh Hydropower Plant", *Mediamax.am*, 5 October 2011, <http://www.mediamax.am/en/news/business/2731/>.

[504] See "Armenia football federation boss starts new business in Karabakh – newspaper", *News.am*, 31 October 2014, <http://news.am/eng/news/236896.html>.

built in various villages throughout the occupied territories and a house near Shusha.[505]

217. The direct involvement of Armenia's officials in the illegal economic dealings is also evident from their frequent visits to these territories and contacts with Armenian and foreign businessmen engaged in such activities. At their meeting on 28 July 2015, Prime Minister H.Abrahamyan of Armenia and Vartan Sirmakes discussed a number of investment projects to be implemented in the occupied territories. Sirmakes promised to contribute to the development of both Armenia and "Nagorno-Karabakh" through various programmes, creating new jobs and ensuring economic activity. Abrahamyan stressed the importance of the projects implemented in "Nagorno-Karabakh".[506]

218. As mentioned above, Abrahamyan is particularly interested in agriculture development in the occupied territories and is generally believed to be personally engaged, including through his family and friends in agriculture business, as his income disclosures from the sale of agricultural goods indicate.[507]

219. According to the Armenian sources, in 2002, the "Karabakh Telecom CJSC"'s owner Pier Fattushe reportedly concluded a secret deal with the then so-called "president" of the subordinate separatist regime Arkadi Ghukasyan and the former so-called "prime minister" Anushavan Danielyan, in accord with which that company acquired monopoly rights on the IT market and the above-mentioned individuals – shares from company's profits. According to the same sources, those agents of the separatist regime are not the only ones getting profit from that company.[508] Ghukasyan also reportedly still owns businesses in Armenia.[509]

220. The parasitic system of exploitation of natural resources established in the occupied territories and modelled from the notorious mining practice in Armenia[510] is another example of collusion of the subordinate separatist regime and the private companies, which serves the interests of Armenian and foreign corporations and individuals holding senior positions in Armenia and in the subordinate separatist

[505] *Ibid.*

[506] See "Prime Minister Receives Swiss Businessman Vartan Sirmakes", 28 July 2015, <http://www.gov.am/en/news/item/ 8026/>.

[507] See "All In the Family: Armenian Prime Minister's Booming Business Empire", *Hetq.am*, 20 October 2014, <http://hetq.am/ eng/news/56953/all-in-the-family-armenian-prime-ministers-booming-business-empire.html/>.

[508] See "Who Robs Karabakh", 13 July 2010, <http://www.lragir.am/index/eng/0/country/view/18544>.

[509] See "Chorrord Inknishkhanutyun: Former President of Artsakh to sell shares of his companies in Armenia", *Panorama.am*, 29 May 2012, <http://www.panorama.am/en/society/2012/05/29/chil/>.

[510] See e.g. "Time for Armenia to Choose: Mining for Development or Systematic Plunder?", *Hetq.am*, 30 March 2015, <http://hetq.am/eng/news/59340/time-for-armenia-to-choose-mining-for-development-or-systematic-plunder.html>; and the report "Environmental Crime in Armenia", *European Union Action to Fight Environmental Crime-EFFACE*, 2015, <http://www.ecologic.eu/sites/files/publication/2015/stefes-15-efface_environmental_crime_in_armenia.pdf>; "Why are Armenia's Natural Resources So Attractive?", *Massis Post*, 5 September 2014, <http://massispost.com/2014/09/why-are-armenias-natural-resources-so-attractive/>.

regime who illegally grant concessions for exploitation in return for private gain.[511] It is unknown to whom the "licenses" for the exploitation of natural resources have been granted in reality, or how much investment has been made. The true ownership of the mines and other production facilities in the occupied territories is generally unclear, as many companies are subsidiaries of larger conglomerates, oftentimes registered offshore.[512]

221. Even those foreign pro-Armenian organizations and funds, involved in supporting the illegal activities in the occupied territories, admit that transparent investment sources and mechanisms of issuing "licenses" do not exist in the mining sphere.[513]

222. The system of embezzlement established in the occupied territories allows Armenia and its subordinate separatist regime to control wealth generated from the exploitation of resources and share it only with a limited number of select political and military leaders and oligarchs.[514]

223. As a result, the offshore-registered companies gain unrestricted access to the mineral resources in the occupied territories under exclusive preferential conditions and the mining income flows into these offshore companies, as well as to officials in Armenia and the subordinate separatist regime that are reportedly hidden behind these offshore companies. The Vallex Group CJSC, with offshore ties to Cyprus and Liechtenstein,[515] has dubious financial schemes, described by the Armenian sources as "a financial labyrinth".[516] According to some reports from these sources, a gold mine in the occupied Kalbajar district "belongs" to Bako Sahakyan.[517]

224. Former Prime Minister of Armenia Hrant Bagratyan confirmed that Armenia has been pillaging the copper deposits in the occupied territories.[518] According to Bagratyan, Surik Khachatryan, Governor of the Syunik district of Armenia, and former President of Armenia, Robert Kocharyan, are involved in ruthless exploitation of the natural resources in the occupied territories and in Armenia. In his words, Kocharyan is behind a German company operating a mine there. Another

[511] See "Who Armenia's Natural Resources Belong to", *Iragir.am*, 26 March 2013, <http://m.Iragir.am/index/eng/1/economy/68570/29416>; "Russia Seizes Subsoil of Armenia and Karabakh from Oligarchs", *Iragir.am*, 11 October 2013, <http://www.Iragir.am/index/eng/0/country/view/31079>.

[512] See "Time for Armenia to Choose: Mining for Development or Systematic Plunder?", *op. cit.*

[513] See "Building A Budget Base: Targeting Growth In Five Karabakh Industries", *Armenian General Benevolent Union*, 1 December 2012, <http://agbu.org/news-item/building-a-budget-base-targeting-growth-in-five-karabakh-industries/>.

[514] *Ibid.*

[515] See "Teghout: A Contentious Danish Investment in Armenia", *op. cit.*

[516] See "Teghout's Offshore Labyrinth and Valeri Mejlumyan's Business Empire", *op. cit.*

[517] See "Armenian newspaper: Underground recourses of Nagorno Karabakh are exploited by leadership of separatist regime there", *APA News*, 14 August 2012, <http://en.apa.az/news/177101>.

[518] See "Former PM: With the current, predatory pace of copper deposits exploitation, its reserves in Armenia will be depleted in 10-15years", *Armingfo.am*, 22 December 2011, Retrieved from <http://www.arminfo.am/russian/economy/article/22-12-2011/07-18-00>.

Armenian report estimated that Kocharyan controls "half of the shadow Armenian economy".[519]

225. The system of uncontrolled exploitation of natural resources in the occupied territories explains why, despite the sharp decrease in world copper prices (by March 2014, it had dropped to the lowest level in the past four years) that reduced profitability of that trade,[520] copper mining in the occupied territories is continuing with more investments by the Vallex Group CJSC and its subsidiary Base Metals CJSC made into development of new mines. In fact, exports of copper from Armenia in 2014 increased by 12 tons in comparison with the previous year.[521] The Vallex Group CJSC was expecting to raise its mining output to 7 million tons in 2015.[522] As far as gold is concerned, Armenia exported a record 3.6 tons of gold in 2014,[523] the lions' share of which is extracted by the GPM Gold from Soyudlu gold mine in the occupied Kalbajar district. From 2004-2010, GPM Gold reportedly did not pay taxes. In its November 2010 report, the parliamentary Control Chamber of Armenia revealed numerous other violations of the license agreement with that company, amounting to about AMD 200 million. According to Manoogian "[i]t is common knowledge in Armenia that no company of such proportions could operate with such monstrous violations for such a long time without the knowledge and protection of the country's top leadership."[524]

226. According to the Armenian statistical data, exports of precious minerals and metals, as well as of base metals and articles of it out of the occupied territories are on the rise. If in 2010 $ 3,546,000 worth of precious minerals and metals were exported, in 2013 that figure rose to $ 6,488,000 (10.9 per cent of all exports in 2013).[525] The structure of exports from the occupied territories of base and precious metals by countries is almost identical with that of Armenia (Russia, Belgium, Bulgaria, UK, Germany, China etc.),[526] which confirms the information that the minerals extracted from the occupied territories are transported to Armenia and re-exported as Armenian product to conceal their unlawful origin.[527] The ore from the mines in the occupied territories is processed by Armenian Copper Program

[519] See "Whom Kocharyan's Property Attracts?", *Lragir.am*, 21 August 2012, <http://www.lragir.am/index/eng/0/comments/ view/27137>.

[520] See "Drop in World Copper Price Hurts Armenia's Economy", *Hetq.am*, 27 March 2015, <http://hetq.am/eng/news/59292/ drop-inworld-copper-price-hurts-armenias-economy.html>.

[521] *Ibid.*

[522] See "By 2015 Vallex Group to considerably increase ore mining and processing", *Arminfo.am*, 27 June 2012, <http://arminfo.am/index.cfm?objectid=8337E610-BFB5-11E1-871CF6327207157C>.

[523] See "Armenia's Gold Exports on the Rise But Revenues Drop", *op. cit.*

[524] See Ara K. Manoogian, "To Donate or Not to Donate: A White Paper on Hayastan All-Armenian Fund", *op. cit.*

[525] See "Exports, Imports of the Republic of Nagorno-Karabakh by Groups of Goods", "Statistical Yearbook of Nagorno-Karabakh Republic, 2007-2013", *op. cit.*

[526] *Ibid.*

[527] See also "Nagorno Karabakh in Figures 2015", <http://stat-nkr.am/files/publications/2015/ LXH_tverov_2015.pdf>.

CJSC (ACP), which exports its entire output to Europe.[528] To note, Armswissbank CJSC of Varan Sirmakes is an organizer and lead manager of bonds of ACP.[529]

227. Mining is Armenia's main export-generating sector and more than half of the country's exports are natural resources.[530] Thus, in 2014, the lion's share of copper exports from Armenia went to China and Bulgaria. Bulgaria imported 64,000 tons, 40,000 less than 2013. Exports to China skyrocketed to 107,700 tons, up from 43,700 in 2013 and 8,900 in 2012. Serbia imported 12,500 tons in 2014, as opposed to 4,770 in 2013. Armenia also exported 9,800 tons of unrefined copper in 2014 – mostly to Germany (8,880 tons). The rest went to Belgium. The country exported 1,900 tons of scrap copper – 1,600 tons to Belize and the rest to Iran and the USA.[531]

228. More and more Armenians in Armenia and from the diaspora are protesting to mismanagement of funds collected through the Hayastan All-Armenian Fund and are calling for boycotting annual telethons.[532] In 1999, 2000 and 2001, Armenian press raised concerns over the fact that, among others, some of the important members of the Board of Trustees of the Fund, namely, Charles Aznavour, Vatche Manoukian, Hrayr Hovnanian, Louise Simone Manoogian, chose not to participate in the 8th, 9th and 10th sessions of the Fund's Board of Trustees. Withdrawal has been their preferred method of expressing disapproval to the Armenian authorities with regard to where and how the donated money was spent.[533] According to the Armenian sources, mismanagement of the funds include channelling by Armenian authorities of the donations for their personal benefit, eventual privatization of buildings constructed by means of the Fund, renovation/construction works on lands owned by State officials or people close to them and granting major construction contracts, including "North-South" highway and Goris-Kankandi road, to companies owned by officials or their cronies. Three main construction companies, Vrezh, Karavan and Chanshin, are owned by Karen Hakobyan, Hakob Hakobyan and Roles Aghajanyan, respectively, who are closely connected to the subordinate separatist regime.[534] The windsurfing centre built in 2007 in the area of a resort complex called Kaputak Sevan and financed through the Fund belongs to Robert Kocharyan.[535]

[528] See "Copper Producer seeks 150 million Loan", *Neweurope.eu*, 27 October 2006, <http://www.neweurope.eu/article/ copperproducer-seeks-150-million-loan/>; "The Mineral Industry of Armenia", *US Geological Survey*, September 2014, <http://minerals.usgs.gov/minerals/pubs/country/2012/myb3-2012-am.pdf>.

[529] See "Bonds of 'Armenian Copper Program' CJSC", *ArmSwissBank.am*, <http://www.armswissbank.am/en/issue/detail.php? ID=30>.

[530] See "Armenia Country Program Snapshot", *World Bank Report*, 1 April 2015, <http://www.worldbank.org/content/dam/Worldbank/document/Armenia-Snapshot.pdf>; "Teghout: A Contentious Danish Investment in Armenia", *op. cit.*

[531] See "Drop in World Copper Price Hurts Armenia's Economy", *op. cit.*

[532] See "American-Armenians Boycott Armenian Fund Claiming A Normal Government Is Needed Rather Than Donations", 27 November 2014, <http://www.thetruthmustbetold.com/boycott_haaf_gala/>.

[533] See Ara K. Manoogian, "To Donate or Not to Donate: A White Paper on Hayastan All-Armenian Fund", *op. cit.*

[534] *Ibid.*

[535] *Ibid.*

229. One recent report revealed that in 2013, some $250 thousand were spent for upgrading vehicles of the separatist regime, following the Hayastan All-Armenian Funds telethon for the construction of Vardenis-Aghdara highway. According to the same sources, the money collected from the diaspora are being used to purchase expensive vehicles for Bako Sahakyan and his entourage and writing off certain people's debts to banks.[536]

230. The Republic of Armenia not only failed to take adequate measures to put an end to illegal exploitation of resources in the occupied territories by Armenian and foreign natural and legal persons, but also encouraged them to engage in such activities. It is obvious that Armenia is seeking to prolong the occupation in order to retain control over mineral, agricultural and water resources in those territories and expropriates the wealth in the occupied territories of Azerbaijan for its own economic benefit.

231. Agents of the subordinate separatist regime confirm that exploitation of natural resources is directly linked to solving the "demographic issues",[537] implying that part of the finances accumulated from the exploitation of resources is allocated to settlement programmes that ultimately serve the purpose of prolongation of the occupation and preventing Azerbaijani internally displaced persons from returning to their homes and properties in the occupied territories. Thus said, illegal economic activities in the occupied territories produce notorious "conflict diamonds" effect and contribute to sustaining of the *status-quo* and the continuation of the conflict.

15. Cutting of rare species of trees for timber and other damage to the environment

232. The illegal activities in the occupied territories also raise a number of environmental concerns. Total forest area under the occupation is 247,352 hectares.[538] Of particular importance are around 13,197 hectares of protected, rare species of forest, including platan (plane tree), nut-trees, oaks, and other valuable species of trees (there are 152 valuable species of trees, including box-tree evergreen, Eldar's pine-tree, persimmon (date-palm) that are under special protection) in the Bashitchay National Reserve in the occupied Zangilan district. These rare trees are subjected to felling and cutting for timber, which is exported out of the occupied territories for furniture, barrel and rifle production. Many species of trees for a long time are on the verge of disappearance.

233. In 1993 only, some 206,6 thousand cubic meters of valuable types of timber were taken to Armenia. In 1996, 55 ha of walnut trees of Leshkar forest area, planted in 1957-1958, were cut down.[539] The evidence confirms that cutting of walnut-trees, oak and other trees is continuing. Back in 2003, the Armenian sources reported that some 10,000 walnut trees were cut down in the occupied territories.[540]

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[536] See "Artsakh Government Buys Expensive Cars after Telethon", 11 December 2013, <http://www.thetruthmustbetold.com/artsakhgovernment-cars/>.

[537] "Artsakh leader visits Kashatagh region", *op. cit.*

[538] See the report on the "Occupied districts of Azerbaijan and the natural resources remained there" (in Azerbaijani language), Ministry of Ecology and Natural Resources of the Republic of Azerbaijan, <http://www.eco.gov.az/eco-terror/ekol·ji-terror-rayonlar.doc>.

[539] See UN Doc. A/58/594-S/2003/1090, 13 November 2003.

[540] See "Walnut trees cut down in Karabakh", *Hetq.am*, 25 September 2003, <http://hetq.am/eng/news/7083/walnut-trees-cut-down-inkarabakh.html>.

It is difficult to find out how many hectares of forest have been cut to date in reality. However, even the Armenian own sources confirm that illegal cutting of trees in the occupied territories and timber cutting is on the rise.[541] Thus, some 45,359 m3 of timber was cut in 2010, while that volume increased to 96,237 in 2013.[542]

234. Among the companies engaged in cutting and illicit trade in timber from the occupied territories is Max Wood Ltd., Armenian-registered company established by Mher Bagratyan and Enrique Viver Camin from Spain.[543] In 2000, Camin established a wood-drying operation in Koghb village in Armenia's Tavush region, which caused serious damage to the regional environment by cutting down the valuable trees in the area. With outstanding debts to the Armenian forestry service and protests of the local population, Camin relocated his wood business into the occupied territories of Azerbaijan. Member of Armenian Parliament from the ruling Republican Party, Harutyun Pambukyan, confirmed that:

> ... at a time when many were avoiding doing business with Nagorno Karabakh, yes, Max Wood Ltd., with the efforts and direct participation of myself and my friends, reached unprecedented agreements with several renowned European companies, such as Beretta and Browning, to send them wooden details for hunting rifles made from the roots of walnut trees...[544]

235. The Armenian sources indicate that Max Wood Ltd. continues to cut down walnut and other types of trees in the occupied territories.

236. The mining companies that acquire illegal "licenses" for exploitation of mineral resources in the occupied territories have poor environmental record in Armenia and continue the same practice in those territories, paying no regard whatsoever to the environment.[545] As a result, depredatory exploitation of the resources in the occupied territories severely damages the environment. Mining generally produces highly contaminated tailings that require special treatment. There are already millions of tons of tailings in tailing dumps, which are saturated with heavy metals and other dangerous substances.

237. There are three tailing dumps, located at the ore processing complex near Heyvaly village.[546] Tailing dumps are also expected to be set up both in Demirli and Vejnali mines.[547] For example, the Sarsang water reservoir is located directly next to the tailing dumps and reservoirs of Gyzylbulag mine, where toxic mining waste products are deposited.[548] In 2012, Armenian journalist Armine Narinyan reported about death of fish in the Sarsang reservoir as a result of a leak of cyanides from the ore processing plant near Heyvaly.[549] The area sits on an earthquake fault line, so as

[541] See "Statistical Yearbook Of Nagorno-Karabakh Republic, 2007-2013", *op. cit.*
[542] *Ibid.*
[543] *Ibid.*
[544] See "I Have No Association With Max Wood", *Hetq.am*, 24 September 2007, <http://hetq.am/eng/news/24013/i-have-no-associationwith-max-wood.html>.
[545] See "Teghut, Drembon, Alaverdi, and the Politics of Pollution", *Armeniatree.org*, 1 September 2007, <http://www.armeniatree.org/environews/cnews_reporter090107.htm>.
[546] See "Mining Industry: Serious Perspectives or Hard Heritage?", *op. cit.*
[547] *Ibid.*
[548] See "Teghut, Drembon, Alaverdi, and the Politics of Pollution", *op. cit.*
[549] See "Karabagh: Catching Examples of Mining Armenia", *Aravot.am*, 9 January 2013, <http://en.aravot.am/2013/01/ 09/159345/>

a result of a potential earthquake or some other natural or manmade hazard toxic wastes from the structurally unsafe tailings at the dump could easily spill into the water reservoir, thus reaching Azerbaijan's lowlands, causing environmental catastrophe for thousands of people. The tailing dump for the gold mine near Vejnali village in the occupied Zangilan district is located close to the Beshitchay State Reserve.

238. The exploitation of the natural resources accompanied by associated ecological disasters, such as tailing dumps and water pollution, has reached such a fast and unobstructed pace that even Armenia-based environmental organizations, including the Pan-Armenian Environmental Front (PAEF), raised red flag.[550]

239. Over the eleven years of operation of Gyzylbulag mine and the ore processing plant near Heyvaly village, some four million tons of waste were collected in two tailing dumps. Some 20-30 hectares of forest was cut during the exploration of the mine. According to press reports, a new factory is being built nearby Heyvaly to siphon off a substantial number of gold particles that remain in the wastes collected in the two tailings dumps.[551]

240. The exploitation of Demirli mine is also associated with environmental damage. Some 3-4 hectares of forest were cut down to reach the mine.[552] To develop that mine, the population from the nearby villages was relocated.[553] As of 2015, approximately 460 mines in Armenia already have permission for exploitation, out of which 27 are metal mines, and additional 85 metal mines are currently in the study phase and waiting to be exploited.

241. As a result, there are already about eight hundred million tons of tailings in 23 pen and closed tailing dumps, saturated with heavy metals and other dangerous substances,[554] especially in the Syunik district of Armenia, bordering the occupied territories of Azerbaijan. The fate of those wastes is of serious concern, given earlier reports about frequent hazardous leaks through the protective dams and pipes leading to the tailing dumps and ponds,[555] and that some of the waste had been polluting the occupied territories. There are reports that point to the deliberate efforts to pollute the occupied territories of Azerbaijan. Almost all of the rivers that originate in Armenia enter the Kur and Araz Rivers of Azerbaijan. There is also trans-boundary pollution from the tailings in Armenia that pollute rivers that cross the international border of Azerbaijan and end up in the Azerbaijani farmlands and forests. There is a well-documented evidence that waters of the rivers in Armenia's

[550] See "Pan-Armenian Environmental Front: Unsustainable Mining in Armenia and Artsakh", <https://agravakar.wordpress.com/mining/>; "Sotq Gold Mine to Be Exhausted In 15 Years?", *Hetq.am*, 7 August 2012, <http://hetq.am/eng/news/17342/ sotq-goldmine-to-be-exhausted-in-15-years.html>; "Residents Worried about Kashen Open Mine", *Ecolur.org*, 19 April 2013, <http://www.ecolur.org/en/news/mining/residents-worried-about-kashen-open-mine/4802/>; "Teghut, "Drembon", Alaverdi, and the Politics of Pollution", *op. cit.*

[551] See "Base Metals Launches Second Mine in Artsakh; An Open-Pit Operation", *op. cit.*

[552] *Ibid.*

[553] See "Karabakh Mining Project May Lead To Village Relocation", *Azatutyun.am*, 17 May 2012, <http://www.azatutyun.mobi/a/24584516.html>.

[554] See "Time for Armenia to Choose: Mining for Development or Systematic Plunder?", *op. cit.*

[555] See "New Player To Enter Armenian Mining Sector", *Azatutyun.am*, 15 May 2015, <http://www.azatutyun.am/content/ article/27018952.html>.

Syunik district, polluted with wastes from the Kapan Ore Processing Plant and Zangezour Copper and Molybdenum Combine and "Artsvanik" tailing dump, flow into the trans-boundary Okhchuchay River,[556] which flows into the occupied Zangilan district and the Araz River, thus creating environmental risks for a number of downstream urban and rural communities in Azerbaijan.[557]

242. Relentless exploitation of farmlands in the occupied territories for many years has also led to their depletion.

16. Archaeological excavations, embezzlement of artefacts and altering of the cultural character of the occupied territories

243. The occupation of the territories of Azerbaijan has also had catastrophic consequences for the country's cultural heritage in the occupied territories.[558] Armenia continues to interfere in the cultural environment of the occupied territories by taking consistent measures aimed at altering their historical and cultural features.[559]

244. Architectural monuments of national importance in those territories include the sixth century Albanian Aghoghlan cloister and the fourteenth century Malik Ajdar tomb in Lachyn, the fourth century Albanian Amaras cloister and a considerable number of Albanian temples in Khojavand, the eighteenth century Asgaran castle, fourteenth century tombs and a number of Albanian temples dating back to the Middle Ages in Khojaly, the sixth century Albanian Saint Jacob and thirteenth century Albanian Khatiravang cloisters and the thirteenth-fourteenth centuries Lekh castle in Kalbajar, the Albanian cloister of the fifth to eighth centuries in Gazakh, the thirteenth-fourteenth centuries Mirali tomb and the seventeenth century caravanserai in Fuzuli, the fourteenth century tomb in Zangilan, the seventeenth century mosque complex in Jabrayil, the eighteenth-nineteenth centuries Yukhary and Ashaghy Govharagha and Saatly mosques, caravanserais and houses in Shusha, the nineteenth century mosque in Aghdam, and archaeological

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[556] See "Ecologists Take Ministry to Court Over Polluted River", *Hetq.am*, 21 November 2012, <http://archive-am.com/am/h/hetq.am/2012-11-21_716561_44/Hetq_Online_raquo_Paper_Agrees_to_Print_Retraction_in_Kocharian_Family_Legal_Suit/>; See UN Doc. A/58/594-S/2003/1090, 13 November 2003.

[557] See "Kapan Town Residents Accuse Nature Protection Ministry of Inactions in Regard with Voghji River", *Ecolur.org*, 13 July 2011, <http://www.ecolur.org/en/news/water/kapan-town-residents-accuse-nature-protection-ministry-of-inactions-in-regard-withvoghji-river/2722/>; See also Lubomir I. Simeonov, Mihail V. Kochubovski, Biana G. Simeonova (eds.), "The Problem of Heavy Metal Pollution in the Republic of Armenia: Overview and Strategies of Balancing Socioeconomic and Ecological Development", in Environmental Heavy Metal Pollution and Effects on Child Mental Development (2011), p. 312.

[558] For detailed information, see "War against Azerbaijan: Targeting Cultural Heritage" (Baku, 2007), also available at <http://www.warculture.az>.

[559] See "Berdzor science museum to open in Karabakh by early 2011 – archeologist", *Newsarmenia.ru*, 22 October 2010, <http://newsarmenia.ru/culture/20101022/42329253.html>; "Progress is Fixed in the Excavation-Research Works in the Territory of Artsakh", *Artsakhtert.com*, 15 May 2012, <http://artsakhtert.com/eng/index.php?option=com_content&view=article&id=676:-progress-isfixed-in-the-excavation-research-works-in-the-territory-of-artsakh-&catid=1:all&Itemid=1>; "Archaeological excavations of the city of Tigranakert in Artsakh to get under way June 15", *Panorama.am*, 5 June 2010, <http://www.panorama.am/en/society/2010/06/05/tigranakert/>.

sites like Garakopaktapa, Khantapa, Gunashtapa, Uzuntapa, Meynatapa and Zargartapa, residential areas of the Neolithic and Bronze Ages in Fuzuli, the residential areas of Chyragtapa and Garaghajy, of the Bronze Age, and those of Gavurgala, of the Middle Ages, and Aghdam, Imangazantapa and Gyshlag mounds of the Bronze Age in Jabrayil, rock drawings of the Bronze Age in Kalbajar, the stone box necropolis of the Bronze and Iron Ages in Khojaly, the residential area and necropolis of the Bronze Age in Sadarak, mounds of the Bronze and Iron Ages in Lachyn, a cave of the Stone Age, a mound and stone box graves of the Bronze and Iron Ages in Shusha, and the Shahri-Sharifan residential area of the thirteenth-fourteenth centuries in Zangilan.

245. In the town of Shusha, the architectural monuments, such as the Yukhary and Ashaghy Govharagha mosques with their madrasahs, the mausoleum of Vagif, and the house of Natavan and caravanserais, have been destroyed, burnt and pillaged.

246. Alleged "reconstruction" and "development" projects in Shusha and other towns and settlements throughout the occupied territories and "archaeological excavations" are carried out with the sole purpose of removing any signs of their Azerbaijani cultural and historical roots and substantiating the policy of territorial expansionism. Since the occupation of Shusha in May 1992, over 30 construction projects have been funded by Armenia and Armenian diaspora. As of 2014, a total of $11.5 million worth of infrastructural projects have been implemented in Shusha.[560] "Reconstruction" works also include the replacement of the Azerbaijani-Muslim elements of the monuments with alien ones, such as the Armenian cross and writings, which have been engraved on the Arabic character of the nineteenth century Mamayi spring in Shusha town.

247. As for other districts, the "Imarat of Panah khan" complex, mosques in Aghdam town, Abdal and Gulably villages, the tomb of Ughurlu bay and the home museum of Gurban Pirimov in the Aghdam district, fourteenth century tombs in the Khojaly district, mosques in Bashlybel and Otagly villages, ancient cemeteries in Moz, Keshdak and Yukhary Ayrym villages and Kalbajartown in the Kalbajar district, mosques in the Zangilan, Gyrag Mushlan, Malatkeshin, Babayly and Ikinji Aghaly villages, medieval cemeteries in the Jahangirbayli, Babayly and Sharifan villages in the Zangilan district, ancient cemeteries in Gayaly and Mamar villages, the mosque in Mamar village in the Gubadly district, the mosque in Garygyshlag village and the ancient cemetery in Zabukh village in the Lachyn district, the mosque complex in Chalabilar village and the ancient cemetery in Khubyarly village in the Jabrayil district, mosques in Fuzuli town and the Gochahmadli, Merdmli and Garghabazar villages in the Fuzuli district, the cemeteries of the Khojavand, Akhullu, Kuropatkino, Dudukchu and Salakatin villages and the old cemetery of Tugh village in the Khojavand district, the ancient hammams in Umudlu village in the Tartar district and the cemetery of Karki village in the Sadarak district, have been destroyed, burnt down and pillaged.

248. Acts of barbarism are accompanied by different methods of defacing the Azerbaijani cultural image of the occupied territories. Among them are large-scale

[560] See "Shushi: Restoring the Crown Jewel of Armenian Civilization", *Massispost.com*, 12 May 2014, <http://massispost.com/ 2014/05/shushi-restoring-the-crown-jewel-of-armenian-civilization/>.

construction works therein, such as, for example, the building of an Armenian church in the town of Lachyn.

249. Excavations near Aghdam began in March 2005 and are currently ongoing under the direct supervision of Hamlet Petrosyan of the Armenia's Academy of Sciences Institute of Archaeology and Ethnography. Excavations in the Azykh cave of the Paleolithic Age in the occupied Khojavand district have been carried out since 2003.[561] Armenia attracts archaeologists from the UK, Spain, Ireland and The Netherlands for the work in the Azykh cave.[562]

250. The Museum of History in the Kalbajar district with its unique collection of ancient coins, gold and silverware, rare and precious stones, carpets and other handicraft wares, museums in Shusha, the Lachyn Museum of History, the Aghdam Museum of History and the Bread Museum and others have also been destroyed, pillaged, and their exhibits put on sale in different countries. A collection of ancient gold, silver and bronze artefacts discovered in the occupied Lachyn district, which date back to the 4th-1st centuries BC, was misappropriated by the History Museum of Armenia, a State-run museum.[563]

251. Analysis of the period of more than 20 years since the establishment of a ceasefire in 1994 demonstrates that armed hostilities have not destroyed Azerbaijani monuments to the extent to which this has been subsequently done by the Armenian side.

17. Promotion of the occupied territories as a "tourist destination" and encouraging/organizing illegal visits to/from these territories

252. Armenia facilitates and organizes visits to foreign countries by the agents of the subordinate separatist regime by issuing them Armenian passports, including diplomatic ones, to circumvent stringent visa requirements and unlawfully benefit from the simplified procedures for obtaining visas or from visa free travelling. Under whatever farfetched purpose of travel, they pursue the obvious goal of misleading and deceiving the international community and distracting the attention from the continued unlawful occupation of the territories of Azerbaijan by Armenia, which was achieved by the use of force, mass atrocities, ethnic cleansing and other flagrant violations of international law.

253. Such visits only serve to propagate the unlawful separatist regime. The developments over the past years have shown that the lack of adequate reaction to

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[561] See "Monument and Society: Tigranakert of Artsakh", *Asbarez.com*, 28 December 2012, <http://asbarez.com/107365/monumentand-society-tigranakert-of-artsakh/>; "Excavations will continue in the Antic District of Tigranakert in Artsakh", *Armenpress.am*, 4 May 2013, <http://armenpress.am/eng/news/717607/excavations-will-continue-in-the-antic-district-of-tigranakert-in-artsakh.html>;"Exhibition entitled Excavations in Azokh cave in Stepanakert", *Artsakhtoday.com*, 4 September 2012, <http://www.artsakhtoday.com/?p=24143&lang=en>, "Azokh cave exotic excerpts to be on disposal in Artsakh and Yerevan", *Armenpress.am*, 31 August 2012, <http://armenpress.am/eng/print/691736/azokh-cave-exotic-excerpts-to-be-on-disposal-in-artsakh-and-yerevan.html>.

[562] See "New Inhabitants of the Azokh Cave", *Hetq.am* , 16 October 2006, <http://hetq.am/eng/news/11442/new-inhabitants-of-theazokh-cave.html/>.

[563] See "Armenia, Nagorno Karabakh Debate Ownership of Ancient Treasure", *EurasiaNet.org*, 22 April 2011, <http://www.eurasianet.org/node/63353>.

provocative steps of the Armenian side only contributes to its growing sense of impunity and permissiveness, encourages Armenia to hold on to its uncompromising position in the peace process.

254. Armenia continues to exploit tourism as a tool for its annexationist policies. In particular, tourism is being abused by Armenia to propagate the illegal separatist entity and generate financial means to consolidate the results of the occupation.[564] On a number of occasions, international tourism fairs and other events were used to mislead the general public by promoting the occupied territories of Azerbaijan as a "tourist destination", in particular through creating booths and disseminating materials about the illegal separatist entity established by Armenia in those territories.[565] Under the influence of distorted information, some tourist companies include the Nagorno-Karabakh region into their travel itineraries, whereas this region is the internationally recognized territory of Azerbaijan. As a result, some foreign citizens unaware of the sensitive situation are purposefully deceived by such "promotion campaigns" ended up in the occupied territories and thus are dragged into this dangerous plot.

E. Obligations and responsibilities under international law arising from the continuing unlawful occupation by Armenia of the territories of Azerbaijan, and illegal activities in those territories

255. The fact that military force was used against Azerbaijan, that the armed forces of Armenia seized and continue to occupy the territories of Azerbaijan, including but not limited to the Nagorno-Karabakh area, has been well evidenced.[566] Since the beginning of the conflict at the end of 1980s and its escalation into the full-fledged war in the beginning of 1990s, Armenia has embarked on a policy of "creeping expropriation"[567] of the occupied territories, through the creation of settlements and other illegal activities in the occupied territories. The evidence presented in this report attests to the continuing efforts of Armenia towards that end. The use of force against Azerbaijan to occupy its territories and the said activities have been

[564] See "Artsakh was presented at the international tourism exhibition 'In Tour Expo – 2015'", *Karabakh.travel*, 13 April 2015, <http://karabakh.travel/en/news/news-articles/artsakh-was-presented-at-the-international-tourism-exhibition-quotin-tour-expo-2015quot/107/>.

[565] See "Armenia and Artsakh participate at TTG Incontri tourism exhibition", *Arka.am*, 10 October 2014, http://arka.am/en/news/tourism/armenia_and_artsakh_participate_at_ttg_incontri_tourism_exhibition/; "Artsakh presented at Paris international tourism expo in separate pavilion", *Armenpress.am*, 1 October 2014, <http://armenpress.am/eng/news/778416/artsakh-presented-at-paris-international-tourismexpo-in-separate-pavilion.html; "Armenia and Artsakh To Be Represented at World Travel Market 2013", *Hetq.am*, 4 November 2013, <http://hetq.am/eng/news/30454/armenia-and-artsakh-to-be-represented-at-world-travel-market-2013.html>.

[566] See e.g. UN Doc. S/1994/108, 2 February 1994; UN Doc. S/1994/147, 14 February 1994; The report on the international legal rights of the Azerbaijani internally displaced persons and the Republic of Armenia's responsibility, UN Doc. A/66/787-S/2012/289, 3 May 2012, paras. 15-27.

[567] The phrase "creeping expropriation" has been used by international lawyers to describe similar situations of occupation. See e.g. James Crawford, "Opinion on Third Party Obligations with respect to Israeli Settlements in the Occupied Palestinian Territories", <http://www.tuc.org.uk/sites/default/files/tucfiles/LegalOpinionIsraeliSettlements.pdf>, para. 4.

regularly met with statements opposed to Armenia's conduct and with decisions of illegality emanating from the United Nations, other international organizations, the European Court of Human Rights and individual States.

18. Armenia's intervention and continuing occupation

256. International law specifies that territory cannot be acquired by the use of force.[568] The international community has consistently deplored the use of military force against Azerbaijan and the resulting occupation of its territories. In 1993, the UN Security Council adopted resolutions 822 (1993), 853 (1993), 874 (1993) and 884 (1993), condemning the use of force against Azerbaijan and occupation of its territories and reaffirming the sovereignty and territorial integrity of Azerbaijan and the inviolability of its internationally recognized borders. In those resolutions, the Security Council reaffirmed that the Nagorno-Karabakh region is part of Azerbaijan and demanded immediate, complete and unconditional withdrawal of the occupying forces from all the occupied territories of Azerbaijan. On 26 April 1995, the President of the UN Security Council made a statement, reaffirming "all its relevant resolutions, *inter alia*, on the principles of sovereignty and territorial integrity of all States in the region" and also "the inadmissibility of the use of force for the acquisition of territory".[569] The UN General Assembly adopted three resolutions on the conflict[570] and included the special item entitled "The situation in the occupied territories of Azerbaijan" in the agenda of its regular sessions. In its resolution 62/243 of 14 March 2008, the General Assembly reaffirmed continued respect and support for the sovereignty and territorial integrity of Azerbaijan within its internationally recognized borders, demanded the immediate, complete and unconditional withdrawal of all Armenian forces from all the occupied territories of Azerbaijan, reaffirmed the inalienable right of the Azerbaijani population expelled from the occupied territories to return to their homes, and stressed the necessity of creating appropriate conditions for this return, including the comprehensive rehabilitation of the conflict affected territories.

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[568] See the Charter of the United Nations (1945) (New York: United Nations Department of Public Information, 2001), Article 1, para.1; Declaration on Principles of International Law concerning Friendly Relations and Cooperation among States in accordance with the Charter of the United Nations of 24 October 1970, UN General Assembly resolution 2625 (XXV). Resolutions adopted by the UN General Assembly at its twenty-fifth session. Official records of the General Assembly, 25th session, Supplement No. 28 (A/8028), p. 153; Declaration on the Enhancement of the Effectiveness of the Principle of Refraining from the Threat or Use of Force in International Relations of 18 November 1987, UN General Assembly resolution 42/22. Resolutions adopted by the UN General Assembly at its forty second session. Official Records of the General Assembly, 42nd session, Supplement No. 41 (A/42/41), p. 403; Declaration of Principles adopted by the Conference on Security and Cooperation in Europe in the Helsinki Final Act 1975, Principle IV; *Military and Paramilitary Activities in and against Nicaragua (Nicaragua v. United States of America)*, *op. cit.*, paras. 188 and 190; *Legal Consequences of the Construction of a Wall in the Occupied Palestinian Territory*, Advisory Opinion of the International Court of Justice of 9 July 2004, I.C.J. Reports 2004, para. 87; Vienna Convention on the Law of Treaties (1969). For text, see Ian Brownlie (ed.), Basic Documents in International Law (Oxford: Oxford University Press, 2002, 5th ed.), pp. 270-297, at p. 285.

[569] Statement by the President of the UN Security Council S/PRST/1995/21, 26 April 1995.

[570] UN General Assembly resolutions 48/114 of 20 December 1993, 60/285 of 7 September 2006 and 62/243 of 14 March 2008.

257. As noted above, in its judgment of 16 June 2015 on the case of *Chiragov and others v. Armenia*, the European Court of Human Rights concluded that "... the Republic of Armenia, from the early days of the Nagorno-Karabakh conflict, has had a significant and decisive influence over the "NKR", that the two entities are highly integrated in virtually all important matters and that this situation persists to this day" and that "the "NKR" and its administration survives by virtue of the military, political, financial and other support given to it by Armenia which, consequently, exercises effective control over Nagorno-Karabakh and the surrounding territories ..."[571]

258. The documents of international organizations also make explicit reference to serious violations of international humanitarian and human rights law committed during the conflict. Thus, in its aforementioned resolutions, the UN Security Council condemned the attacks on civilians and bombardments of inhabited areas within Azerbaijan and expressed grave concern at the displacement of a large number of civilians in Azerbaijan. In its resolution 48/114 of 20 December 1993, the UN General Assembly noted with alarm "that the number of refugees and displaced persons in Azerbaijan has ... exceeded one million". In its resolution 1416 (2005) of 25 January 2005, the Parliamentary Assembly of the Council of Europe noted particularly that large-scale ethnic expulsion of the Azerbaijani civilian population and the creation of mono-ethnic areas resemble the terrible concept of ethnic cleansing.[572]

19. Applicable legal rules and standards

259. The full range of international legal principles is applicable to the situation concerning the territories of Azerbaijan currently under the occupation of Armenia: that is, Nagorno-Karabakh and the surrounding territories seized during the armed conflict.

260. That situation particularly brings into operation the law of occupation which is essentially laid down in three instruments, being the Regulations annexed to Hague Convention IV, Respecting the Laws and Customs of War on Land 1907 ("the Hague Regulations"); Geneva Convention IV on the Protection of Civilians in Time of War 1949 ("Geneva Convention IV") and Additional Protocol I to the Geneva Conventions of 1949 relating to the Protection of Victims of International Armed Conflicts 1977 ("Additional Protocol I").

261. In its aforementioned resolutions, adopted in response to Armenian attacks on and the occupation of Azerbaijani territories, the UN Security Council, *inter alia*, reaffirmed that the parties are bound to comply with the principles and rules of international humanitarian law[573] and called on them to refrain from all violations of international humanitarian law.[574] The application of the international law of belligerent occupation/international humanitarian law to the situation concerning the

[571] *Chiragov and others v. Armenia, op. cit.*, paras. 180, 186.

[572] See PACE Resolution 1416 (2005), "The conflict over the Nagorno-Karabakh region dealt with by the OSCE Minsk Conference", 25 January 2005, <http://assembly.coe.int/nw/xml/XRef/Xref-XML2HTML-en.asp?fileid=17289&lang=en>.

[573] Resolution 822 (1993) of 30 April 1993, operative para. 3; Resolution 853 (1993) of 29 July 1993, operative para. 11.

[574] Resolution 874 (1993) of 14 October 1993, operative para. 9.

territories of Azerbaijan currently under the occupation by Armenia was also confirmed by the European Court of Human Rights in its judgment of 16 June 2015.[575]

262. In addition, international human rights law is generally accepted to be applicable to occupation situations. Consequently, the International Covenant on Civil and Political Rights; the International Covenant on Economic, Social and Cultural Rights; the Convention on the Prevention and Punishment of the Crime of Genocide; the Convention on the Elimination of All Forms of Racial Discrimination; the Convention against Torture; and the European Convention of Human Rights apply in regard to the occupied territories of Azerbaijan. Furthermore, all States and natural and legal persons, entities and bodies, regardless of their size, sector, location, ownership and structure, should follow the UN Guiding Principles on Business and Human Rights[576] and to exercise due diligence to ensure that they do not contribute, directly or indirectly, to human rights violations and breaches of international law related to the occupation of the territories of Azerbaijan.

263. Other important instruments applicable in relation to the occupied territories of Azerbaijan are the 1954 Hague Convention for the Protection of Cultural Property in the Event of Armed Conflict and the 1954 and 1999 protocols thereto.

264. It should also be taken into account that attempts to cover up the illegal activities in the occupied territories of Azerbaijan under the disguise of "humanitarian assistance" are fundamentally flawed. It is well-established and generally accepted that humanitarian relief actions by States, international organizations and other entities and bodies should be exclusively humanitarian in nature and should be carried out in conformity with the principles of neutrality, impartiality and consent of the affected country, while fully respecting the sovereignty, territorial integrity and national unity of States in accordance with the Charter of the United Nations, as reaffirmed in the Guiding Principles on humanitarian assistance adopted by the UN General Assembly through its resolution 46/182 on "Strengthening of the coordination of humanitarian emergency assistance of the United Nations" of 19 December 1991.

20. Armenia's duties as an occupier of Azerbaijani territory

General

265. According to the principles of occupation set out in the aforementioned international instruments, any military occupation is considered temporary in nature, an occupant does not acquire sovereignty over an occupied territory and the legal status of the territory in question remains unaffected by the occupation of that territory. International law prohibits actions which are based solely on the military strength of the occupying Power and not on a sovereign decision by the occupied State.[577]

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[575] *Chiragov and others v. Armenia, op. cit.*, paras. 96-97.

[576] See "UN Guiding Principles on Business and Human Rights", Office of the UN High Commissioner for Human Rights, <http://www.ohchr.org/Documents/Publications/GuidingPrincilesBusinessHR_EN.pdf>.

[577] Jean Pictet (gen. ed.), Commentary on the Geneva Convention (IV) Relative to the Protection of Civilian Persons in Time of War (Geneva: ICRC, 1958), p. 273.

266. The occupation of a territory *jus in bello* does not entail the right to annex that territory, since *jus contra bellum* forbids any seizure of territory based on the use of force.[578] It is clear that the occupying power does not have a free hand to alter the legal, social and economic structure in the territory in question and that any form of annexation is forbidden. According to Roberts, "Annexation has often been seen, quite naturally, as linked to aggression. Many international lawyers have propounded the principle that unilateral acts inconsistent with fundamental rules of international law should be viewed as null and void, and no prescriptive rights should accrue in favour of the aggressor. Thus, annexation resulting from aggression should not be recognized."[579]

267. The occupying power must not exercise its authority in order to further its own interests, or to meet the interests of its own population. In no case can it exploit the inhabitants, the resources or other assets of the territory under its control for the benefit of its own territory or population.[580]

268. Accordingly, no action taken by Armenia or by its subordinate local regime within the occupied territories can affect the pre-existing legal status of these territories, which thus remain Azerbaijani in international law. As an occupying power, Armenia is subject to a series of duties under international law. The core of these duties is laid down in Article 43 of the Hague Regulations and focus upon the restoration and ensuring, as far as possible, public order and safety, while respecting, unless absolutely prevented, the laws in force in the country. The key features of this provision read together create a powerful presumption against change with regard to the occupying power's relationship with the occupied territory and population, particularly concerning the maintenance of the existing legal system.

Protection of the existing local legal system

269. International humanitarian law provides for the keeping in place of the local legal system during occupation. This is a fundamental element in the juridical protection of the territory and population as they fall under the occupation of a hostile power. Article 43 of the Hague Regulations expressly provides for this in noting that the occupying power must respect local laws in force "unless absolutely prevented". The term "laws in force" is to be interpreted widely to include not only laws in the strict sense, but also constitutional provisions, decrees, ordinances, court rulings as well as administrative regulations and executive orders.[581] The

[578] Eric David, Principes de droit des conflits armes (Principles of the Law of Armed Conflicts) (Moscow: ICRC, 2000), pp. 376-378; Jean Pictet (gen. ed.), *op. cit.*, pp. 273 and 275.

[579] Adam Roberts, "Transformative Military Occupation: Applying the Laws of War and Human Rights", 100 *American Journal of International Law* (2006), p. 584.

[580] See e.g. "Current challenges to the law of occupation", speech delivered by Professor Daniel Thurer, Member, International Committee of the Red Cross, 6th Bruges Colloquium, 20-21 October 2005, available at <http://www.icrc.org/eng/resources/documents/statement/occupation-statement-211105.htm>.

[581] See Marco Sassoli, "Legislation and Maintenance of Public Order and Civil Life by Occupying Powers", 16 *European Journal of International Law* (2005), pp. 668-669.

presumption in favour of the maintenance of the existing legal order is particularly high and is supplemented by provisions in Geneva Convention IV.[582]

270. The Civil Code, the Law on State Registration of Legal Entities and State Registry, the Law on Protection of Foreign Investment, the Law on Investment Activity, the Tax Code as well as other laws, decrees and normative acts of the Republic of Azerbaijan provide the legal framework and outline requirements for any foreign natural and legal person, including those relating to compulsory registration with the relevant authorities of Azerbaijan prior to starting operations on its territory. According to Presidential Decree No. 782 "On the Improvement of Regulations for Granting Special Permissions (Licenses) for Certain Types of Activities", dated 2 September 2002, a special license to conduct business is required for any foreign natural and legal person willing to operate in regulated industries.

271. Thus said, any foreign natural and legal person, willing to operate on the territory of Azerbaijan must strictly comply with the laws and regulations of Azerbaijan and must refrain from actions that infringe upon the sovereignty and territorial integrity of Azerbaijan.

Prohibition of settlements in occupied territories

272. Article 49 of Geneva Convention IV provides that "the occupying power shall not deport or transfer parts of its own civilian population into the territory it occupies". This constitutes the basis and expression of a rule of law prohibiting the establishment of settlements in the occupied territories consisting of the population of the occupying power or of persons encouraged in any way by this power, directly or indirectly, to settle in these territories with the intention, expressed or otherwise, of changing the demographic balance. In its advisory opinion on the *Construction of a Wall*, the International Court of Justice has noted that this provision:

> prohibits not only deportations or forced transfer of population such as those carried out during the Second World War, but also any measures taken by an occupying power in order to organize or encourage transfers or parts of its own population into the occupied territory.[583]

273. The authoritative ICRC commentary states that: "[Article 49(6)] is intended to prevent a practice adopted during the Second World War by certain Powers, which transferred portions of their own population to occupied territory for political and racial reasons, or in order, as they claimed, to colonize those territories."[584] No exception or provision for derogation applies. The transfer of populations constitutes a "grave breach" pursuant to article 85(4)(a) of Additional Protocol I, 1977,[585] and is also designated a war crime under Article 8(2)(b)(8) of the Rome

[582] See Articles 54, 56 and 64.

[583] *Legal Consequences of the Construction of a Wall in the Occupied Palestinian Territory*, *op. cit.*, para. 120.

[584] See Jean Pictet (gen. ed.), *op. cit.*, p. 283.

[585] Article 85 (4) (a) defines as a grave breach of the Protocol: "The transfer by the Occupying Power of parts of its own civilian population into the territory it occupies, or the deportation or transfer of all or parts of the population of the occupied territory within or outside this territory, in violation of Article 49 of the Fourth Convention".

Statute of the International Criminal Court. Article 49(6) of Geneva Convention IV is undoubtedly an obligation *erga omnes*, owed to the community of States as a whole, and as such any State is entitled to invoke the responsibility of the perpetrator for its breach. Furthermore, in accordance with the doctrine of State responsibility, the remedy in the case of breach of the prohibition on settlements in occupied territories, is reversion to the *status quo ante*, providing that the occupying power must repatriate settlers.[586]

274. The evidence shows clearly that Armenia has violated this prohibition by conducting a policy and developing practices to establish settlements in the occupied territories, in breach of international law. Over the period since the beginning of the conflict, significant numbers of Armenian settlers have been encouraged to move to the occupied areas depopulated of their Azerbaijani inhabitants.[587] Plainly, settlements established in the occupied territories of Azerbaijan are illegal, for they are designed to expand the economic and political penetration of Armenia in those territories, prevent the expelled Azerbaijani population from returning to their homes and thus impose the results of the unlawful use of force.

Protection of property rights

275. In situations of military occupation private and public property situated in occupied territories is particularly protected and relevant rules apply both to the physical integrity and to the ownership of such property. International humanitarian law prohibits pillage, plundering and exploitation of natural resources as well as destruction or unlawful appropriation of public and private property in an occupied territory.[588]

276. The occupying State is no more than the administrator of public property and must safeguard the capital of these properties, and administer them in accordance with the rules of usufruct.[589] Limitations imposed on an occupant are derived from the temporary nature of the occupation and the lack of sovereignty of the occupying power.

277. The usufructuary principle forbids wasteful or negligent destruction of the capital value, whether by excessive mining or other abusive exploitation.[590] In the Flick case before the US Military Tribunal at Nuremberg in 1947, the accused, the principal proprietor of a large group of German industrial enterprises, was charged with war crimes, *inter alia*, for offences against property in the countries and territories occupied by Germany, and ultimately found guilty on this count. The Tribunal noted that:

> ...wherever the occupying power acts or holds itself out as owner of the public property owned by the occupied country, Article 55 [of the 1907 Hague

[586] See Yael Ronen, "Status of Settlers Implanted by Illegal Territorial Regimes", 79 *British Yearbook of International Law* 194 (2008), pp. 194-263, at p. 231.
[587] For more information, see Chapter "D" VIII of this report.
[588] See The Hague Regulations, Articles 46, 47, 52, 55, 56; Geneva Convention IV, Articles 33, 53.
[589] See The Hague Regulations, Article 55.
[590] *Ibid.*, see also Yoram Dinstein, The International Law of Belligerent Occupation (Cambridge: Cambridge University Press, 2009), p. 214.

> Regulations] is violated. The same applies if the occupying power or its agents, who took possession of public buildings or factories or plants, assert ownership, remove equipment of machinery, and ship it to their own country, or make any other use of the property which is incompatible with usufruct.[591]

278. Plainly, the occupier may not use land belonging to the occupied State and the resources of the occupied territory, as well as exploit the economy of the territory for its own domestic purposes, in particular in order to benefit its own economy, territory or population. This approach applies also to water resources (rivers, wells, and other natural springs) that constitute either public or private assets and that cannot be utilized by an occupant to promote its own economy, to pump it into its country or to sustain settlements.[592]

279. Moreover, the character of occupation as a temporary situation indicates that an occupier lacks the authority to make permanent changes to the occupied territory, including in particular infrastructural changes and the construction related to settlements, such as roads and settlement buildings.[593] It is a grave breach of Geneva Convention IV to engage in extensive destruction not so justified.[594] Such destruction and appropriation of property are also criminal offenses in the statutes of international courts and in the domestic criminal law of most countries.

280. As Loucaides has noted:

> On the basis of the current international law, expropriation of private land by the occupying power during an armed conflict or otherwise either directly or through a subordinate administration is illegal and invalid, whether that expropriation is accompanied by compensation or not. It is the more so if the purpose of such expropriation is the violation of peremptory norms of general international law or the commission of crimes against humanity, such as the implementation of a plan of ethnic cleansing or persecution, or prevention of the exercise of the right to return of displaced persons to their homes and properties from which they were forcibly expelled by the occupying army, or a breach of the rule against racial discrimination. Indeed, to hold otherwise would be tantamount to accepting that a wrongdoing State may be allowed, by the payment of compensation, to purchase the benefits of breaches of rules of international law having a status of *jus cogens* within the ultimate result of endorsing the original wrong and entrenching its character and its consequences.[595]

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[591] United States, Military Tribunal at Nuremberg, Flick case, Judgment of 22 December 1947, cited in Jean-Marie Henckaerts and Louise Doswald-Beck (eds.), ICRC Customary International Humanitarian Law Volume II: Practice (Cambridge: Cambridge University Press, 2005), p. 1041.

[592] Antonio Cassese, "Powers and Duties of an Occupant in Relation to Land and Natural Resources", in Emma Playfair (ed.), International Law and Administration of Occupied Territories (Oxford: Clarendon Press, 1992), pp. 419-442, at p. 431.

[593] See James Crawford, "Opinion on Third Party Obligations with respect to Israeli Settlements in the Occupied Palestinian Territories", *op. cit.*, p. 25; Antonio Cassese, "Powers and Duties of an Occupant in Relation to Land and Natural Resources", *op. cit.*, pp. 419-442, at p. 422.

[594] Article 147.

[595] Loukis G. Loucaides, "The Protection of the Right to Property in Occupied Territories", 53(3) International and Comparative Law Quarterly (2004), pp. 677-690, at p. 685.

281. Since the beginning of the occupation of the territories of Azerbaijan, serious and systematic interferences with the property rights by Armenia, including extensive destruction and appropriation of public and private property, exploitation of resources and development of permanent infrastructure in the occupied territories, have been registered.[596]

282. The European Court of Human Rights in the case *Chiragov and others v. Armenia* ruled in favour of Azerbaijani nationals who were forcibly displaced from the occupied Lachyn district of Azerbaijan, recognizing continuing violations by Armenia of a number of their rights under the Convention for the Protection of Human Rights and Fundamental Freedoms, namely, those relating to the protection of property (Article 1 of Protocol No. 1), the right to respect for private and family life (Article 8 of the Convention) and the right to an effective remedy (Article 13 of the Convention). The Court confirmed in particular that the proprietary rights of the Azerbaijani displaced persons are still valid.[597] Consequently, the Court's ruling highlights the unlawfulness of any purported transfer of property. Furthermore, rejecting the Government of Armenia's claims that the land possessed by the applicants was allocated to other individuals "in accordance with the laws of the "NKR"", the Court held that "the "NKR" is not recognized as a State under international law by any countries or international organisations" and, "[a]gainst this background, the invoked laws cannot be considered legally valid for the purposes of the Convention and the applicants cannot be deemed to have lost their alleged rights to the land in question by virtue of these laws...".[598]

Protection of cultural property

283. Cultural property is among the most obvious civilian objects and is entitled to special protection.[599] The Hague Regulations provide carefully tailored rules against the destruction of cultural property[600] and confer a wide degree of protection on cultural and religious institutions in occupied territories.[601] Geneva Convention IV did not provide much guidance on the protection of cultural property during armed conflicts.[602]

284. The 1954 Hague Convention or Convention for the Protection of Cultural Property in the Event of Armed Conflict became the first international treaty exclusively devoted to the protection of cultural property during war. Unlike prior treaties, attackers have an obligation not only to respect and preserve cultural property, but also to take affirmative steps to prevent the theft of property in occupied territories. States parties agreed to "prohibit, prevent, and if necessary, put a stop to any form of theft, pillage, or misappropriation of, and any acts of

[596] For more information, see Chapter "D" of this report.
[597] *Chiragov and others v. Armenia, op. cit.*, para. 149.
[598] *Ibid.*, para. 148.
[599] Yoram Dinstein, The Conduct of Hostilities under the Law of International Armed Conflict (Cambridge: Cambridge University Press, 2004), p. 152.
[600] Articles 25, 27, 56.
[601] Yoram Dinstein, The Conduct of Hostilities under the Law of International Armed Conflict, *op. cit.* p. 153.
[602] The Convention forbids "extensive destruction and appropriation of property, not justified by military necessity and carried out unlawfully and wantonly" (Article 147), but these protections are no broader than those afforded in the 1907 Hague Regulations.

vandalism directed against, cultural property."[603] Occupiers are also required "to take measures to preserve cultural property" and even work closely with national authorities to meet this objective.[604]

285. The Second Protocol to the 1954 Hague Convention, adopted in 1999, expanded the scope of cultural property protection during armed conflicts. In particular, and most relevant to the Armenian occupation of the territories of Azerbaijan, Article 9 of the Protocol provides that a Party in occupation "shall prohibit and prevent in relation to the occupied territory" any illicit export, other removal or transfer of ownership of cultural property, any archaeological excavation or any alteration to, or change of use of, cultural property which is intended to conceal or destroy cultural, historical or scientific evidence.

286. According to Article 32 of the 1956 UNESCO Recommendation on International Principles Applicable to Archaeological Excavations, an occupying power should refrain from carrying out archaeological excavations in the occupied territory, as well as take all possible measures to protect archaeological finds and hand them over to the competent authorities of the territory previously occupied, together with all documentation relating thereto.[605]

287. In addition to the aforementioned instruments, a number of other treaties provide an important framework for the protection of cultural property.[606] Thus, the 1970 Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property also defines the export and ownership of cultural property under compulsion from an occupied territory as illicit.[607] Rule 41 of the ICRC study on customary international humanitarian law on the obligation of the occupying power reconfirms its obligation to prevent the illicit export of cultural property from occupied territory as well as to return illicitly exported property to the competent authorities of the occupied territory.[608]

288. Acts against cultural property and cultural heritage in times of armed conflict constitute a war crime under international criminal law.[609] In addition, the human dimension of cultural heritage should not be underestimated, providing that humanitarian and human rights considerations underlying the protection of cultural

[603] Article 4, para. 3.

[604] Article 5, para. 2. See also Matthew D. Thurlow, "Protecting Cultural Property in Iraq: How American Military Policy Comports with International Law", 8 *Yale Human Rights & Development L.J.* (2005), p. 160.

[605] See para. 32 of the Recommendation.

[606] International Covenant on Economic, Social and Cultural Rights, 1966; Convention on the Means of Prohibiting and Preventing the Illicit Import, Export, and Transfer of Ownership of Cultural Property, 1970; Convention for the Protection of the World Cultural and Natural Heritage, 1972.

[607] See Article 11 of the Convention.

[608] Jean-Marie Henckaerts and Louise Doswald-Beck (eds.), *op. cit.*, pp. 135-138.

[609] See Second Protocol to the Hague Convention of the 1954 for the Protection of Cultural Property in the Event of Armed Conflict, Article 15; Rome Statute of the International Criminal Court, Article 8(2)(b)(ix).

property may be better advanced though other international criminal law provisions, in particular through the category of crimes against humanity.[610]

289. The UN Security Council in its practice has a long track record of condemning attempts to alter the demographic composition of an occupied territory,[611] pillage, looting and destruction of houses and other property[612], plundering of natural resources and other forms of wealth[613] and attacks against cultural property.[614]

290. Despite that, by destructing and appropriating historical and cultural heritage, implementing so-called "reconstruction" and "development" projects and carrying out "archaeological excavations" in the occupied territories of Azerbaijan, Armenia has undertaken consistent measures with a view to altering the historical and cultural features of these territories and removing any signs of their Azerbaijani cultural and historical roots. As a result, no single Azerbaijani historic and cultural monument left undamaged and no sacred site escaped desecration in the occupied territories.[615]

21. Responsibility and obligations under international law

State responsibility, including the obligation of non-recognition

291. The key provisions of international responsibility are laid down in the Articles on State Responsibility adopted by the United Nations International Law Commission ("ILC") on 9 August 2001[616] and commended to States by the UN General Assembly on 12 December 2001.[617] According to Article 1 of the Articles, "[e]very internationally wrongful act of a State entails the international responsibility of that State", while Article 2 provides that "there is an internationally wrongful act of a State when conduct consisting of an action or omission (a) is attributable to the State under international law; and (b) constitutes a breach of an international obligation of the State".[618] This principle has been affirmed in the case-law.[619]

292. Article 4 (1) addresses the question of the attribution of conduct to a State. This provision declares that:

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[610] See Micaela Frulli, "The Criminalization of Offences against Cultural Heritage in Times of Armed Conflict: The Quest for Consistency", 22 *European Journal of International Law* 1 (2011), pp. 203-217, at pp. 216-217.

[611] See e.g. UN Security Council resolutions 446 (1979), 452 (1979) and 476 (1980).

[612] See e.g. UN Security Council resolution 1034 (1995)

[613] See e.g. UN Security Council resolutions 1457 (2003) and 1499 (2003).

[614] See e.g. UN Security Council resolution 1265 (1999).

[615] For more information, see UN Doc. A/62/691-S/2008/95, 13 February 2008, and Chapter "D" XVI of this report.

[616] See UN Doc. 56/10, 2001. See also James Crawford, The International Law Commission's Articles on State Responsibility. Introduction, Text and Commentaries (Cambridge: Cambridge University Press, 2002); James Crawford, Alain Pellet, Simon Olleson (eds.), The Law of International Responsibility (Oxford: Oxford University Press, 2010).

[617] See UN General Assembly resolution 56/83.

[618] See James Crawford, The International Law Commission's Articles on State Responsibility. Introduction, Text and Commentaries, *op.cit.*, p. 61.

[619] See e.g. *Chorzów Factory case*, PCIJ, Series A, No. 9, p. 21; and the *Rainbow Warrior case*, 82 *International Law Reports*, p. 499.

> The conduct of any State organ shall be considered an act of that State under international law, whether the organ exercises legislative, executive, judicial or any other functions, whatever position it holds in the organization of the State, and whatever its character as an organ of the central government or of a territorial unit of the State.

293. This principle, which is one of long standing in international law,[620] was underlined by the International Court in the *LaGrand* case declaring that: "the international responsibility of a state is engaged by the action of the competent organ and authorities of the state, whatever they may be"[621] and reiterated in the *Genocide Convention* case, where it was noted that it was:

294. "One of the cornerstones of the law of state responsibility, that the conduct of any state organ is to be considered an act of the state under international law, and therefore gives rise to the responsibility of the state if it constitutes a breach of an obligation of the state".[622]

295. The ILC commentary to the Articles on State Responsibility underlined the broad nature of this principle and emphasized that the reference to State organs in this provision:

> Is not limited to the organs of central government, to officials at high level or to persons with responsibility for the external relations of the state. It extends to organs of government of whatever kind or classification, exercising whatever functions, and at whatever level in the hierarchy, including those at provincial or even local level.[623]

296. Similarly, Article 5 provides that the conduct of a person or entity which is not an organ of the State under Article 4, but which is empowered by the law of the State to exercise elements of governmental authority shall be considered as an act of the State under international law, provided that the person or entity in question was acting in that capacity in the instance in question. Accordingly, activities by armed units of the State, including those empowered so to act, will engage the responsibility of the State. Thus, Armenia is responsible internationally for actions (and omissions) of its armed forces in their activities in Azerbaijan.[624]

297. A key element of State responsibility, and one particularly significant for present purposes, is the rule enshrined in Article 8 that:

> The conduct of a person or group of persons shall be considered an act of a state under international law if the person or group of persons is in fact acting

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[620] See e.g. *Moses case*, John B. Moore, International Arbitration, vol. III, pp. 3127, 3129 (1871).

[621] See Provisional Measures, I.C.J. Reports 1999, pp. 9, 16.

[622] See *Application of the Convention on the Prevention and Punishment of the Crime of Genocide (Bosnia and Herzegovina v. Serbia and Montenegro)*, Judgment of the international Court of Justice of 26 February 2007, I.C.J. Reports 2007, para. 385. It was held that this principle constituted a rule of customary international law, *ibid*. See also Immunity from Legal Process of a Special Rapporteur, I.C.J. Reports 1999, pp. 62, 87.

[623] See James Crawford, The International Law Commission's Articles on State Responsibility. Introduction, Text and Commentaries, *op.cit*., p. 95.

[624] See the Report on the international legal rights of the Azerbaijani internally displaced persons and the Republic of Armenia's responsibility, *op. cit*., para. 36.

> on the instructions of, or under the direction or control of, that state in carrying out the conduct.

298. This provision essentially covers two situations: first, where persons act directly under the instructions of State authorities and, secondly, where persons are acting under the "direction or control". The latter point is critical. It means that States cannot avoid responsibility for the acts of secessionist entities where in reality it is the State which is controlling the activities of such entities. The difference between the two situations enumerated in Article 8 is the level of control exercised. In the former case, the persons concerned are in effect part of the apparatus of the State insofar the particular situation is concerned. In the latter case, the power of the State is rather more diffuse.[625]

299. The International Court addressed the matter in the *Nicaragua* case, where it was noted that in order for the State to be responsible for the activities, it would need to be demonstrated that the State "had effective control of the military or paramilitary operation in the course of which the alleged violations were committed".[626] This approach was reaffirmed in the *Genocide Convention* case.[627]

300. Geneva Convention IV provides the continued existence of convention rights and duties irrespective of the will of the occupying power. Article 47 in particular provides that:

> Protected persons who are in occupied territory shall not be deprived, in any case or in any manner whatsoever, of the benefits of the present Convention by any change introduced, as the result of the occupation of a territory, into the institutions or government of the said territory, nor by any agreement concluded between the authorities of the occupied territories and the Occupying Power, nor by any annexation by the latter of the whole or part of the occupied territory.

301. In particular, the rights provided for under international humanitarian law cannot be avoided by recourse to the excuse that another party is exercising elements of power within the framework of the occupation. This is the scenario that Roberts has referred to in noting that occupying powers often seek to disguise or limit their own role by operating indirectly by, for example, setting up "some kind of quasi-independent puppet regime".[628] It is clear, however, that an occupying power cannot evade its responsibility by creating, or otherwise providing for the continuing existence of, a subordinate local administration. The UK Manual of the Law of Armed Conflict has, for example, provided as follows:

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[625] *Ibid.*, para. 38.

[626] See *Military and Paramilitary Activities in and against Nicaragua* (*Nicaragua v. United States of America*), *op. cit.*, para. 115.

[627] See *Application of the Convention on the Prevention and Punishment of the Crime of Genocide* (*Bosnia and Herzegovina v. Serbia and Montenegro*), Judgment of the International Court of Justice of 26 February 2007, I.C.J. Reports 2007, paras. 385, 398 and following.

[628] See Adam Roberts, *op. cit.*, pp. 580, 586.

> The occupying power cannot circumvent its responsibilities by installing a puppet government or by issuing orders that are implemented through local government officials still operating in the territory.[629]

302. Some of the internationally wrongful acts attributed to States should be seen as a serious breach of obligations under peremptory norms (*jus cogens*) of general international law. The obligations under such norms arise from those substantive rules of conduct that prohibit what has come to be seen as intolerable because of the threat it presents to the survival of States and their peoples and the most basic human values.[630] Among these prohibitions, it is generally agreed that the prohibitions of aggression, the establishment or maintenance by force of colonial domination, genocide, slavery, racial discrimination, crimes against humanity and torture are to be regarded as peremptory.[631] There can be no doubt that a number of such prohibitions have been violated during Armenian aggression against Azerbaijan.

303. Not only was Armenia's role as the aggressor clear but the level of its continuing control over Nagorno-Karabakh and other occupied territories of Azerbaijan is significant, and these actions entail State responsibility under international law. As noted above, in its judgment of 16 June2015, the European Court of Human Rights concluded that:

> "[T]he Republic of Armenia, from the early days of the Nagorno-Karabakh conflict, has had a significant and decisive influence over the "NKR", that the two entities are highly integrated in virtually all important matters and that this situation persists to this day. In other words, the "NKR" and its administration survives by virtue of the military, political, financial and other support given to it by Armenia which, consequently, exercises effective control over Nagorno-Karabakh and the surrounding territories ...[632]

304. Accordingly, the conclusion must be that due to its initial and continuing aggression against Azerbaijan and persisting occupation of this State's territory accomplished both directly through its own organs, agents and officials and indirectly through the subordinate separatist regime in the occupied Nagorno-Karabakh region over which it exercises effective control as it is understood under international law, Armenia bears full international responsibility for the breaches of international law.

305. Armenia's international responsibility, which is incurred by its internationally wrongful acts, involves legal consequences manifested in the obligation to cease these acts, to offer appropriate assurances and guarantees that they will not recur and to provide full reparation for injury in the form of restitution, compensation and satisfaction, either singly or in combination.[633]

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[629] See UK Ministry of Defence, The Manual of the Law of Armed Conflict (Oxford, 2004), p. 282.

[630] See James Crawford, The International Law Commission's Articles on State Responsibility. Introduction, Text and Commentaries, *op.cit.*, commentary to Article 40, pp. 245-246, para. 3.

[631] *Ibid.*, commentary to Article 26, p. 188, para. 5, and commentary to Article 40, pp. 245-248, paras. 1-9.

[632] See *Chiragov and others v. Armenia, op. cit.*, para. 186.

[633] See James Crawford, The International Law Commission's Articles on State Responsibility. Introduction, Text and Commentaries, *op.cit.*, pp. 66-68.

306. Serious breaches of obligations under peremptory norms of general international law give rise to additional consequences affecting not only the State bearing the responsibility, but also all other States. As stated in the ILC commentary to the Articles on State Responsibility, "[e]very State, by virtue of its membership in the international community, has a legal interest in the protection of certain basic rights and the fulfilment of certain essential obligations."[634] A significant role in securing recognition of this principle was played by the International Court of Justice in the *Barcelona Traction* case, in which the Court identified the existence of a special category of obligations – obligations towards the international community as a whole. According to the Court, "By their very nature the former [the obligations of a State towards the international community as a whole] are the concern of all States. In view of the importance of the rights involved, all States can be held to have a legal interest in their protection; they are obligations erga omnes".[635] In its later proceedings the International Court has reaffirmed this idea.[636]

307. Inasmuch as all States have a legal interest, particular consequences of a serious breach of an obligation under peremptory norms of general international law include, *inter alia*, duties of States to cooperate in order to bring to an end such breaches by lawful means and not to recognize as lawful a situation created by a serious breach, nor render aid or assistance in maintaining that situation.[637] The *maxim ex injuria ius non oritur* provides the basis for the obligation of non-recognition; that is, a legal right cannot stem from an unlawful act. As territory cannot be acquired by the unlawful use of force, and States are obliged to not give legal credence – recognition of authority over the territory – to the unlawful acquisition.[638] It is, at a minimum, intended to prevent "the validation of an unlawful situation by seeking to ensure that a *fait accompli* resulting from serious illegalities do not consolidate and crystallize over time into situations recognized by the international legal order."[639]

308. The doctrine of the obligation of non-recognition of illegal territorial acquisitions and claims to sovereignty can be traced back to the early practice of

[634] *Ibid.*, commentary to Article 1, p. 79, para. 4.

[635] See *Barcelona Traction, Light and Power Company, Limited* (*Belgium v. Spain*), Judgment of the International Court of Justice of 5 February 1970, I.C.J. Reports, para. 33.

[636] See *East Timor* (*Portugal v. Australia*), Judgment of the International Court of Justice of 30 June 1995, I.C.J. Reports, para. 29; *Legality of the Threat or Use of Nuclear Weapons*, Advisory Opinion of the International Court of Justice of 8 July 1996, I.C.J. Reports, paras. 31-32; *Application of the Convention on the Prevention and Punishment of the Crime of Genocide* (*Bosnia and Herzegovina v. Serbia and Montenegro*), Judgment of the International Court of Justice of 11 July 1996, (Preliminary Objections), I.C.J. Reports, paras. 31-32. See also James Crawford, The International Law Commission's Articles on State Responsibility. Introduction, Text and Commentaries, *op. cit.*, commentary to Article 1, p. 79, para. 4.

[637] See James Crawford, The International Law Commission's Articles on State Responsibility. Introduction, Text and Commentaries, *op. cit.*, p. 69, and commentary to Article 41, pp. 249-253, paras. 1-14. See also UN General Assembly resolution 62/243 of 14 March 2008, entitled "The situation in the occupied territories of Azerbaijan", operative para. 5.

[638] See James Crawford, "Opinion on Third Party Obligations with respect to Israeli Settlements in the Occupied Palestinian Territories", *op. cit.*, p. 18.

[639] See Martin Dawidowicz, "The Obligation of Non-Recognition of an Unlawful Situation", in James Crawford, Alain Pellet & Simon Olleson (eds.), The Law of International Responsibility, *op. cit.*, p. 678.

States in the beginning of twentieth century.[640] The principle of non-recognition was reaffirmed by the International Court in its Advisory Opinion on *Legal Consequences for States of the Continued Presence of South African Namibia (South West Africa) notwithstanding Security Council Resolution 276 (1970)*.[641] There the Court held that the presence of South Africa in the mandated territory of Namibia, following the revocation of the mandate, was illegal.[642] Accordingly, it held that States are under an obligation not to recognize that unlawful situation and must refrain from "lending any support or any form of assistance to South Africa with reference to its occupation of Namibia".[643]

309. The Court set out the scope of the doctrine of non-recognition at paragraphs 122-124 of the *Namibia* Opinion. In the first place, States may not enter into treaty relations with an unlawful regime with regard to the territory in question. In addition, States may not invoke or apply *vis-à-vis* the unlawful regime of the territory existing treaties applicable to the territory. The Court also indicated (in accordance with Security Council Resolution 283 (1970)) that States must refrain from any diplomatic or consular relations with the unlawful regime which imply recognition of the authority of the regime over the territory. Finally, the Court set out the requirement of States to "abstain from entering into economic and other forms of relationship or dealings with South Africa on behalf of or concerning Namibia which may entrench its authority over the Territory."[644] At the same time, the Court stated that:

> In general, the non-recognition of South Africa's administration of the Territory should not result in depriving the people of Namibia of any advantages derived from international Cooperation. In particular, while official acts performed by the Government of South Africa on behalf of or concerning Namibia after the termination of the Mandate are illegal and invalid, this invalidity cannot be extended to those acts, such as, for instance, the registration of births, deaths and marriages, the effects of which can be ignored only to the detriment of the inhabitants of the Territory.[645]

310. Commenting on this opinion of the Court, Crawford noted that:

> the obligation [of non-recognition] has an inherent flexibility that will permit (or, at least, not expressly prohibit) the acceptance of acts which do not purport to secure or enhance territorial claims, but which as a result of their commercial, minor administrative or 'routine' character, or which are of

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[640] See James Wilford Garner, "Non-Recognition of Illegal Territorial Annexations and Claims to Sovereignty", 30 *The American Journal of International Law* 4 (1936); David Turns, "The Stimson Doctrine of Non-Recognition: Its Historical Genesis and Influence on Contemporary International Law", 2 *The Chinese Journal of International Law* 1 (2003).

[641] See *Legal Consequences for States of the Continued Presence of South Africa in Namibia (South West Africa) Notwithstanding Security Council Resolution 276 (1970)*, Advisory Opinion of the International Court of Justice, I.C.J. Reports 1971.

[642] See James Crawford, The Creation of States in International Law (Oxford: Oxford University Press, 2006, 2nd ed.), p. 163; James Crawford, "Opinion on Third Party Obligations with respect to Israeli Settlements in the Occupied Palestinian Territories", *op. cit.*

[643] See *Legal Consequences for States of the Continued Presence of South Africa in Namibia (South West Africa) notwithstanding Security Council Resolution 276 (1970)*, *op. cit.*, para. 119.

[644] *Ibid.*, para. 124.

[645] *Ibid.*, para. 125.

immediate benefit to the population, should be regarded as 'untainted by the illegality of the administration'.[646]

311. According to Stewart:

> attempts by the then South African government to grant title in Namibian natural resources were 'illegal and invalid,' since the expropriation of natural resources could hardly be reconciled with the humanitarian exceptions to the general rule – expropriating natural resources is not analogous with registering births, deaths, and marriages.[647]

312. One of the judges on the case explicitly confirmed this interpretation in a separate opinion by stating that "other States should not regard as valid any acts and transactions of the authorities in Namibia relating to public property, concessions, etc".[648]

313. The principle of collective non-recognition has been applied to the unlawful acts of Armenia, and the illegality of the separatist entity and its structures, established by Armenia in the occupied territory of Azerbaijan, has been repeatedly stated at the international level.[649] The attempt to unilaterally effect the secession of a part of the internationally recognized territory of Azerbaijan is directly connected with the unlawful use of force and other egregious violations of norms of general international law, in particular those of a peremptory character (*jus cogens*). Among a number of international political and judicial institutions, this fact has been affirmed in the aforementioned resolutions of the UN Security Council adopted in response to the occupation of the territories of Azerbaijan.

314. It is notable that those resolutions, recognizing that Nagorno-Karabakh constitutes part of Azerbaijan and reaffirming the inviolability of international borders and the inadmissibility of the use of force for the acquisition of territory, were adopted after the so-called "independence" of Nagorno-Karabakh was unilaterally declared. Consequently, the UN Security Council made it clear that the unilateral declaration of independence in a given situation had produced no legal effect whatsoever.

315. In its resolution 62/243 of 14 March 2008, entitled "The situation in the occupied territories of Azerbaijan", the UN General Assembly specifically reaffirmed "that no State shall recognize as lawful the situation resulting from the occupation of the territories of the Republic of Azerbaijan, nor render aid or assistance in maintaining this situation".

316. Obviously, if the effective situation has been achieved in violation of a fundamental international legal order, such a violation prevents the international

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[646] See James Crawford, The Creation of States in International Law, *op. cit.*, p. 167; James Crawford, "Opinion on Third Party Obligations with respect to Israeli Settlements in the Occupied Palestinian Territories", *op. cit.*, p. 22.

[647] See James G. Stewart, Corporate War Crimes. Prosecuting the Pillage of Natural Resources (New York: Open Society Foundation, 2011), p. 48, para. 69.

[648] *Legal Consequences for States of the Continued Presence of South Africa in Namibia (South West Africa) notwithstanding Security Council Resolution 276 (1970), op. cit.*, Separate Opinion of Judge De Castro, pp. 218-219; see also Steward, *op. cit.*

[649] See e.g. UN Docs. A/64/851-S/2010/345, 29 June 2010; A/66/890-S/2012/661, 23 August 2012; A/69/914-S/2015/384, 27 May 2015.

community from recognizing this situation as legal and bars the acquisition of statehood by a claimant entity.[650] Indeed, precisely for this reason, in more than 20 years since the adoption of the unilateral "declaration of independence" of the so-called "Nagorno-Karabakh republic", no State in the international community has recognized this self-proclaimed entity, which survives by virtue of Armenia's political, military, economic and other support.[651]

317. As noted above, the European Court of Human Rights in the case of *Chiragov and others v. Armenia* reiterated its conclusion from the admissibility decision, according to which "the "NKR" is not recognized as a State under international law by any countries or international organizations".[652]

318. This policy of non-recognition is reflected in the documents, decisions and statements adopted by a number of international organizations as well as States both individually and collectively. For example, the European Community through the "Guidelines on the Recognition of New States in Eastern Europe and in the Soviet Union", which provided a common policy on recognition with regard to the states emerging from former USSR, adopted by the European Council, particularly emphasized that "[t]he Community and its Member States will not recognize entities which are the result of aggression."[653] In line with this policy, in its statement on the Nagorno-Karabakh conflict of May 1992, the European Union condemned "in particular as contrary to these [OSCE] principles and commitments any actions against territorial integrity or designed to achieve political goals by force, including the driving out of civilian populations."[654] In its statement of November 1993, the European Union called upon the Armenian forces to withdraw from the occupied territories of Azerbaijan and underlined that "[t]he European Union reiterates the importance it attaches to the territorial integrity and sovereignty of the Republic of Azerbaijan, in accordance with the principles of the CSCE."[655]

319. The Russian Federation, the French Republic and the United States of America individually as well as in their capacity as the co-chairmen of the OSCE Minsk Group have repeatedly stated that they support the territorial integrity of Azerbaijan and do not recognize Nagorno-Karabakh as an independent and sovereign state.[656]

320. The Organization of Islamic Cooperation (OIC), consisting of 57 Member States, in its resolution10/42-POL "On the aggression of the Republic of Armenia

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[650] David Raič, Statehood and the Law of Self-Determination (The Hague: Kluwer Law International, 2002), p. 38.

[651] For more information, see UN Docs. A/64/851-S/2010/345, 29 June 2010; A/66/890-S/2012/661, 23 August 2012; A/69/914-S/2015/384, 27 May 2015.

[652] *Chiragov and others v. Armenia, op. cit.*, paras.148 and 182.

[653] See EC Declaration on the "Guidelines on the Recognition of New States in Eastern Europe and in the Soviet Union", 16 December 1991, 4 *European Journal of International Law* (1993).

[654] See "Statement on Nagorno-Karabakh", European Political Cooperation (EPC) Press Release, Brussels, 22 May 1992, *European Political Cooperation Documentation Bulletin* (1992), vol. 8, Doc. 92/201, p. 260, <http://aei.pitt.edu/36872/1/A2881.pdf>.

[655] See "Statement on Nagorno-Karabakh", European Political Cooperation (EPC) Press Release, Brussels, 9 November 1993, *European Political Cooperation Documentation Bulletin* (1993), vol. 9, Doc. 93/448, p. 532, <http://aei.pitt.edu/36868/1/A2877.pdf>.

[656] See e.g. "OSCE Minsk Group Co-Chairs issue statement on Nagorno-Karabakh", 19 March 2008, <http://www.osce.org/mg/49570>; "Press release by the Minsk Group Co-Chairs", 30 April 2015, <http://www.osce.org/mg/154721>.

against the Republic of Azerbaijan", adopted at the 42nd Session of the OIC Council of Foreign Ministers held on 27-28 June 2015 in Kuwait, and in its previous resolutions on this subject, has condemned the aggression of Armenia against Azerbaijan, reaffirmed the commitment by all OIC Member States to respect the sovereignty and territorial integrity of Azerbaijan and demanded the unconditional withdrawal of the Armenian occupying forces from all the occupied territories of Azerbaijan.[657] OIC urged all States not to recognize as lawful the situation resulting from the occupation of the territories of Azerbaijan, nor render aid or assistance in maintaining that situation emerged as a result of serious breaches of international law and, to this end, encouraged all States to cooperate with a view to ending aggression against Azerbaijan and occupation of its territories.

321. In the context of the conflict between Armenia and Azerbaijan, the Non-Aligned Movement, consisting of 120 Member States, "reaffirmed the importance of the principle of non-use of force enshrined in the Charter of the United Nations, and encouraged the parties to continue to seek a negotiated settlement of the conflict within the territorial integrity, sovereignty and the internationally recognized borders of the Republic of Azerbaijan".[658]

Individual and corporate criminal responsibility

322. As noted above, the ongoing illegal activities in the occupied territories of Azerbaijan, such as the transfer of populations and any efforts necessary for the maintenance and continuation of settlements, as well as destruction and appropriation of property, are designed as war crimes under international criminal law, entailing individual criminal responsibility. In order for an individual to be held criminally responsible for a war crime, it is necessary that he or she seriously infringed international humanitarian law and that the violation be criminalized by international law. In other words, it is necessary for the law to attach to breaches of international humanitarian law the consequence that – in addition to the international responsibility of the State – the criminal liability of the individual (be s/he a State agent or a private individual) perpetrating that breach also arises.[659]

323. The relevant provisions enshrined in the 1949 Geneva Conventions and Additional Protocol I concerning the "grave breaches" expressly indicate the violations of the rules that, in addition to the international responsibility of the State party to the conflict, also entail criminal responsibility of the individual for war crimes. The essential feature of "grave breaches" is that, under the system envisaged by the 1949 Geneva Conventions and Additional Protocol I, they are subject to universal jurisdiction. Any States party to the Conventions and the Protocol is authorized as well as obliged to search for and bring to trial – or, alternatively,

[657] See Resolutions on Political Affairs Adopted by the 42nd Session of the Council of Foreign Ministers Session of the Joint Vision to Strengthen Tolerance and Reject Terrorism, OIC/CFM-42/2015/POL/RES/FINAL, 27-28 June 2015, <http://www.oic-oci.org/oicv2/subweb/cfm42/en/42cfn_res_pol_r2_en.pdf>.

[658] See Final Document, 16th Summit of Heads of State or Government of the Non-Aligned Movement, Tehran, Islamic Republic of Iran, 26-31 August 2012, NAM 2012/Doc.1/Rev.2, <http://www.namiran.org/Files/16thSummit/FinalDocument (NAM2012-Doc.1-Rev.2).pdf>.

[659] Antonio Cassese and Paola Gaeta, Cassese's International Criminal Law (Oxford: Oxford University Press, 2013, 3rd ed.), p. 67.

extradite to a requesting State – any person suspected or accused of a grave breach (whatever his or her nationality and the territory where the grave breach has allegedly been perpetrated) who happens to be on its territory.[660]

324. Furthermore, the involvement of Armenian and foreign companies in the occupied territories of Azerbaijan is well-evidenced. They play an important role in funding, facilitating and supporting the violations of international law by Armenia.

325. Under most legal systems, corporate representatives are also liable for war crimes.[661] The traditional means of prosecuting corporate criminality involves indicting representatives of a company in an individual capacity for crimes perpetrated during the course of business, and national legal systems are perfectly capable of prosecuting business representatives for unlawful commercial activities in a conflict zone. The individual liability of corporate representatives for war crimes is premised on the idea that civilians can be prosecuted for violations of the international laws applicable during war. A number of courts, both historical and contemporary, have convicted individual businessmen for various war crimes.[662] A large number of domestic criminal courts also have jurisdiction over war crimes perpetrated by companies. Indeed, corporate criminal liability and the individual criminal liability of business representatives should function in tandem.[663]

326. The first and most compelling basis for prosecuting commercial actors for illegal activities in war zones involves State prosecutors bringing charges against their own companies or business representatives. The so-called "nationality" or "active personality" principle entitles States to assert criminal jurisdiction over offenses perpetrated by their nationals overseas.[664] The concept extends to companies registered within a State's jurisdiction as well as individual citizens operating abroad.[665]

327. As noted above, universal jurisdiction provides another basis upon which States can investigate and prosecute corporations or their representatives for violations of international humanitarian law. The notion of universal jurisdiction is based on the idea that certain offenses are sufficiently grave that all States can assert criminal jurisdiction over the perpetrators regardless of where the offenses took place or the nationality of the respective participants. War crimes clearly meet the requisite degree of gravity.[666]

328. There is no current international criminal court or tribunal with relevant jurisdiction with regard to the violations of international humanitarian law perpetrated in the occupied territories of Azerbaijan. Therefore, pursuit of individuals and corporations may be undertaken through the domestic courts of involved or third party States.

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[660] *Ibid.*, pp. 67 and 72.
[661] The Unsettling Business of Settlement Business (Diakonia International Humanitarian Law Resource Centre, May 2015), pp. 75-79.
[662] *Ibid.*
[663] See e.g. Antonio Cassese and Paola Gaeta, *op. cit.*, pp. 67 and 72.
[664] See The Unsettling Business of Settlement Business, *op. cit.*
[665] *Ibid.*, pp. 79-83.
[666] See e.g. Antonio Cassese and Paola Gaeta, *op. cit.*, p. 276.

22. Obligations of foreign nationals, including tourists and tourism stakeholders, to comply with the norms and principles of international law and the legislation of the Republic of Azerbaijan

329. The Republic of Azerbaijan warned all nationals of foreign countries that, due to the continuing occupation of the Nagorno-Karabakh region and surrounding districts of Azerbaijan by the armed forces of the Republic of Armenia, any visits to those territories without prior permission of Azerbaijan are considered a breach of the national legislation of Azerbaijan. Those who travelled to the occupied territories without permission of Azerbaijan are denied the entry into Azerbaijan and face the relevant legal and administrative measures.[667]

330. The Republic of Azerbaijan called upon all States to take effective measures to prevent tourism companies, travel agencies, tour operators and their umbrella organizations, operating on their territories, from organizing tourist visits to and the promotion of tourism in the occupied territories of Azerbaijan, propagating the illegal separatist regime at international tourism fairs and other tourism events.

331. The Republic of Azerbaijan brought to the attention of the Executive Council of the World Tourism Organization (UNWTO) at its 99th Session, held in October 2014 in Samarkand, Republic of Uzbekistan,[668] the issue of abuse of tourism for political purposes, such as the promotion of hazardous destinations, including conflict zones and territories under unlawful military occupation, as tourist destinations, which violates international law, contravenes the fundamental aims of tourism set forth in the Statute of the UNWTO and the principles of the Global Code of Ethics for Tourism approved by the UNWTO and endorsed by the UN General Assembly.

332. The UNWTO Executive Council at its 100th Session, held in May 2015 in Rovinj, Republic of Croatia, having considered recommendations of the World Committee on Tourism Ethics entitled "Prevention of Promotion of Conflict Zones as Tourism Destinations and Using Tourism for Illegal Purposes", made on the proposal of the Government of Azerbaijan, unanimously adopted a decision urging "governments, as well as public and private stakeholders in the tourism sector, to observe and respect the Global Code of Ethics for Tourism as well as all ethical principles embodied in the United Nations General Assembly and Security Council resolutions, in all circumstances, including during armed conflicts." The Executive Council also called on Member States, as well as public and private stakeholders in the tourism sector, to conduct all tourism related activities accordingly.[669]

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[667] See "Warning for the Foreign Nationals Wishing to Travel to the Occupied Territories of the Republic of Azerbaijan", Ministry of Foreign Affairs of the Republic of Azerbaijan, <http://www.mfa.gov.az/en/content/587>.

[668] See UNWTO Executive Council decision CE/DEC/1(XCIX) (2014), <dtxtq4w60xqpw.cloudfront.net/sites/all/files/pdf/ce99 _decisions_en.pdf>.

[669] See UNWTO Executive Council decision "Recommendations of the World Committee on Tourism Ethics on the proposal of the Government of the Republic of Azerbaijan: "Prevention of Promotion of Conflict Zones as Tourism Destinations and Using Tourism for Illegal Purposes" (EC decision 1(XCIX)) and the proposed draft resolution of the Government of Azerbaijan, CE/100/DEC (2015), Doc. CE/100/11, <dtxtq4w60xqpw.cloudfront.net/sites/all/files/pdf/ce100_decisions_en_0.pdf>.

333. The Code unequivocally stresses the requirement for tourists and all tourist stakeholders to act in full respect of laws of the visiting countries and to refrain from committing any criminal act or any act considered criminal by the laws of the country visited. The Code underlines that tourists and visitors should benefit from the liberty to move within their countries and from one State to another in strict compliance with international law and the legislation of the States. The Code contains provisions that obligate governments and tour operators to inform the tourists of the dangers they may encounter during their travel to a particular destination, especially when there is a crisis.[670]

F. Urgent measures to cease and reverse immediately unlawful economic and other activities in the occupied territories of Azerbaijan

334. Armenia's policy of attempted annexation of the occupied territories of Azerbaijan has no chance of succeeding. The only way to achieve a durable and lasting conflict settlement is to ensure the unconditional and complete withdrawal of the Armenian armed forces from the Nagorno-Karabakh region and other occupied territories of Azerbaijan, as the UN Security Council demands in its above-mentioned resolutions, and the exercise by the forcibly displaced Azerbaijani population of their inalienable right to return to their homes and properties in the Nagorno-Karabakh region of Azerbaijan and the adjacent districts.

335. The conflict can only be resolved on the basis of the sovereignty and territorial integrity of Azerbaijan within its internationally recognized borders. No peace settlement of the conflict can be reached which violates the Constitution of the Republic of Azerbaijan and which is inconsistent with international law. No acquisition of territory by force shall ever be recognized by the international community as lawful. Never Azerbaijan shall reconcile with the seizure of its territories. The military occupation of the territory of Azerbaijan does not represent a solution and shall never produce a political outcome desired by Armenia.

336. Armenia must drop its futile attempts to mislead its own people and the wider international community, cease its policy of annexation and ethnic cleansing and comply scrupulously with its international obligations. To this end, Armenia must cease and reverse immediately the transfer of settlers of both Armenian and foreign nationality into the occupied territories, cease immediately and refrain in the future from any economic and commercial activity in the occupied territories of Azerbaijan; stop purposeful destruction and looting of the cultural heritage and sacred sites in the occupied territories of Azerbaijan, including the archaeological, cultural and religious monuments, which constitute a grave breach of international humanitarian law and has a detrimental impact on the process of political settlement of the conflict.

337. The Republic of Azerbaijan has stated on numerous occasions and finds it expedient to remind that it will not tolerate the violation of its sovereignty and

[670] See Global Code of Ethics for Tourism, <ethics.unwto.org/en/content/global-code-ethics-tourism>.

territorial integrity, including in particular through engaging in and/or facilitating in any way illegal activities in the occupied territories.

338. The fundamental international legal requirement applicable in this context is that no State shall recognize as lawful the situation resulting from the occupation of the territories of Azerbaijan and nor render aid or assistance in maintaining it. It is critical that all States cooperate with a view to ending such situation that emerged as a result of serious breaches of international law.

339. In that regard, the Republic of Azerbaijan calls upon the international community to condemn ongoing efforts by Armenia towards consolidating the occupation of the territories of Azerbaijan, undertaken in particular by implanting settlers of both Armenian and foreign nationality into the occupied territories and by pursuing illegal economic and other activities in those territories.

340. The Republic of Azerbaijan also calls upon all members of the international community, in line with their obligations under international law, to take effective measures, including through their national legislation, that would prevent any activities on their respective territories by any natural and legal persons against the sovereignty and territorial integrity of Azerbaijan, including the participation in or facilitation any unlawful activity in the Nagorno-Karabakh region and other occupied territories of Azerbaijan, and in particular to:

(a) prohibit the establishment of enterprises and joint ventures or conduct of any other business in or with entities operating in the occupied territories of Azerbaijan;

(b) prohibit any sort of advertising and marketing activities of products or services produced unlawfully in the occupied territories of Azerbaijan or the products, which were produced through utilization of resources from those territories;

(c) prohibit assistance, sponsoring or providing financial, material or technological support for, or goods or services in support of, any economic activity there;

(d) prohibit the importation, directly or indirectly, of any goods and services that were wholly obtained in the occupied territories or underwent last substantial transformation there;

(e) prohibit the exportation, re-exportation, sale, or supply, directly or indirectly, of any goods, services, or technology to the occupied territories;

(f) prohibit the provision, directly or indirectly, of financing or financial assistance, as well as insurance and reinsurance, related to the imports and exports of goods and services to/from the occupied territories;

(g) prohibit any investment activity in relation to the occupied territories by any natural and legal person, wherever located;

(h) prohibit making funds, financial loans, loan guarantees, credits and other economic resources, directly or indirectly, available for the benefit of natural or legal persons of Armenia or any other State operating in the occupied territories or for any investment activity in those territories;

(i) prohibit the provision, directly or indirectly, of technical assistance, brokering services related to any investment activity in the occupied territories;

(j) prohibit sale, supply, transfer, exportation, directly or indirectly, of key equipment and technology to any natural or legal person, entity or body in Armenia or any other State operating in the occupied territories;

(k) prohibit the provision of services directly related to tourism activities in the occupied territories, in particular prevent tourism companies, travel agencies, tour operators and their umbrella organizations, operating in the territory of a State, from organizing tourist visits to and the promotion of tourism in the occupied territories of Azerbaijan, propagating the illegal separatist regime at international tourism fairs and other tourism events;

(l) refrain from providing any supplies of arms and military equipment to Armenia and not allow transit of such supplies through their territories, in order to deprive Armenia of any means to continue the occupation of the territories of Azerbaijan;

(m) prohibit the involvement, knowingly and intentionally, in any other activities the object or effect of which is to circumvent the prohibitions laid down in the sections above.

341. The responsibility for the consequences of any action, including pursuit of individuals and corporations through the national legal system of Azerbaijan and domestic courts of involved or third party States, which the Republic of Azerbaijan may be obliged to undertake in connection with the unlawful activities in the occupied territories of Azerbaijan in order to protect its sovereignty and territorial integrity within its internationally recognized borders, as well as the rights and legitimate interests of its citizens, will lie entirely with the Republic of Armenia and the engaged natural and legal persons, entities and bodies.

Enclosure I

Original designations of towns and villages of the Republic of Azerbaijan now under occupation, referred to in this report, which were unlawfully altered by Armenia

"Aghavnatun" — Gushchu village, Lachyn district

"Aghavno" — Zabukh village, Lachyn district

"Avetaranots" — Chanagchi village, Khojaly district

"Harutyunagomer" — Gyzylgaya village, Kalbajar district

"Aknaghbyur" — Agbulag village, Khojavand district

"Berdzor" — town of Lachyn

"Chankatagh" — Janyatag village, Tartar district

"Chartar" — Guneychartar village, Khojavand district

"Ditsmayri" — Mashadiismailly village, Zangilan district

"Drakhtik" — Zoghalbulag village, Khojavand district

"Drmbon" — Heyvaly village, Kalbajar district

"Vardadzor" — Gulyatag village, Tartar district

"Gishi" — Kish village, Khojavand district

"Harar" — Ashaghi Farajan village, Lachyn district

"Harav" — Harov village, Khojaly district

"Ishkhanadzor" — Khanlyg village, Gubadly district

"Ivanyan" — Khojaly town, Khojaly district

"Karegah" — Garikaha village, Lachyn district

"Ghazanchi" — Gazanchi village, Aghdam district

"Khachgetik" — Safiyan village, Lachyn district

"Khantsk" — Khanyeri village, Khojaly district

"Khnapat" — Khanabad village, Khojaly district

"Khramort" — Pirlar village, Khojaly district

"Karmir Shouka" — Ghyrmyzy Bazar village, Khojavand district

"Karotan" — Kavdadyg village, Gubadly district

"Karvachar" — Kalbajar town, Kalbajar district

"Kolatak" — Kolatagh village, Kalbajar district

"Kusapat" — Gasapet village, Tartar district

"Lisagor" — Turshsu village, Susha district

"Maghavuz" — Chardagly village, Tartar district

"Mataghis" — Madaqiz village, Tartar district

"Martakert" — Aghdara town, Tartar district

"Mets Shen" — Boyuk Galadarasy village, Shusha district

"Midjnavan" — Minjivan town, Zangilan district

"Nareshtar" — Narynjlar village, Kalbajar district

"Nngi" — Jamiyyat town, Khojavand district

"Norashenik" — Tezekend village, Lachyn district

"Nor Maragha" — Gizil Kengerli village, Aghdam district

"Shushi" — town of Shusha

"Shosh" — Shushikend village, Khojaly district

"Stepanakert" — town of Khankandi

"Tsakhkashen" — Demirli village, Tartar district

"Togh" — Tugh village, Khojavand district

"Tsobadzor" — Chopdere village, Zangilan district

"Tsor" — Sor, Khojavand district

"Urekan" — Ishygly village, Gubadly district

"Vardabats" — Ulashly village, Gubadly district

"Vardadzor" — Pirjamal village, Khojaly district

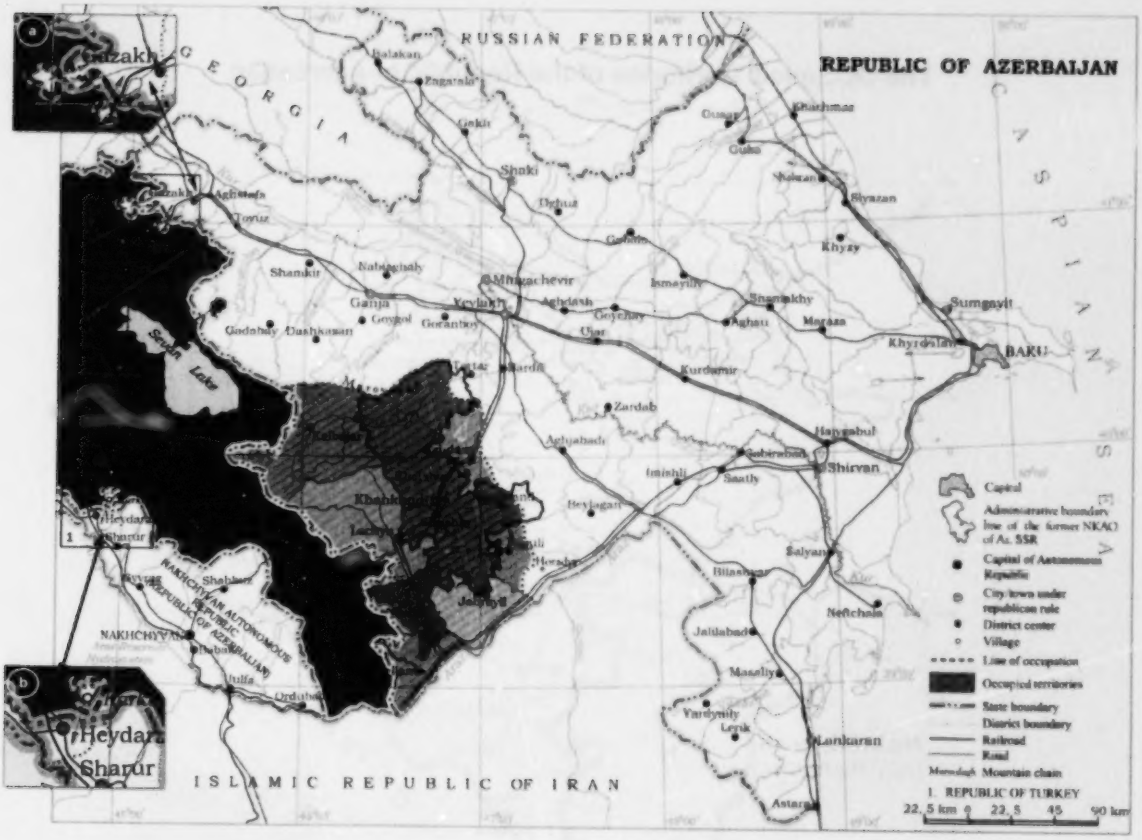
"Vank" — Vangli village, Kalbajar district

"Voghchi river" — Okhchuchay river, Zangilan district

"Yeritsvank" — Birinci Alibayli, Zangilan district

"Zuar" — Zulfugarly village, Kalbajar district

Enclosure II



Enclosure III